

**DM PAYROLL SERVICES LTD**

**INTERIM INTERNAL AUDIT REPORT**

**MUCH WENLOCK TOWN COUNCIL**

**Date of Report: 9<sup>th</sup> May 2023**

I have completed the internal audit review for Much Wenlock Town Council. I have carried out tests on the systems in place and have reviewed the internal controls. I confirm I have acted independently; the basis of the internal audit is by selective assessment of compliance with relevant procedures and controls. Please present this report to the council.

**A. Appropriate books of account**

Appropriate books of account have been kept during the year. The council has used RBS Omega software to record the accounting transactions, the accounts are kept up to date and there is evidence they are balanced monthly.

**B. Financial Regulations**

There is an audit trail of payment samples picked, payments were supported by receipts or invoices and payment schedules were reported to meetings.

Financial regulations were reviewed in May 2022. There is evidence of quotations being sought for purchases in excess of £3,000 as per the financial regulations.

VAT was accounted for in the accounting records and quarterly VAT reclaims submitted.

**C. Risk Assessments**

The financial risk assessment has been carried out and reviewed by the Finance and Asset Management Committee in January 2023. There is evidence of risk assessments for legionella in the Guildhall and a fire safety audit carried out by a specialised company during the year. The council's insurance policy has been reviewed; the computer data is backed up electronically.

**D. Precept**

The council considered its budget requirements for the year and set the precept at a full council meeting.

Financial monitoring reports of actual income and expenditure compared against the budget are provided to the Finance & Asset Management Committee at each meeting.

The general reserves are now at three months net revenue expenditure which is the lowest recommended level. The Town Council need to be careful to maintain the level of the reserves.

**E. Income**

Sample testing took place of income received and all receipts could be traced back into the bank. There was no unusual income received during the year.

**F. Petty Cash**

Petty cash is used appropriately, all samples tested were supported by receipts and are included in the accounts. It would improve internal controls if a councillor carried out spot checks on the petty cash transactions and balance.

**G. PAYE**

PAYE is carried out using HMRC Basic Tools. Sample checks were made and concluded the salaries were calculated correctly and in accordance with the correct SCP points. PAYE & NIC deductions were made and pension contributions calculated on the correct basis.

**H. Asset Register**

The council maintains an asset register, the asset register has been reviewed and updated during the year.

**I. Bank reconciliations**

Bank reconciliations are carried out monthly and are regularly presented to the Finance & Asset Management Committee for review. I have agreed the bank reconciliation statements to the cashbook and bank statements as at 31 March 2023.

**J. Accounting Statements**

The council prepares the accounting statements on an Income and Expenditure basis. I have been able to follow the year end adjustments back to the actual receipts and payments.

**K. Exemption**

The council did not declare itself exempt from limited assurance audit during 2021/22.

**M. Public Rights**

The notice for the public rights for the 2021/22 year was correctly displayed.

**N. Publication Requirements**

The council has complied with the publication requirements for the 2021/22 AGAR, these documents can be found on the council website.

**General**

In general, the accounting records are well kept and organised. I would like to thank your clerk, Trudi Barrett, and RFO, Diane Barlow, for their assistance in the internal audit review.

Yours sincerely

*Diane Malley*

Diane Malley M.A.A.T.