

**HALE JACKSON KNIGHT
CHARTERED ACCOUNTANTS**

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The Councillors
Ledbury Town Council
Town Council Offices
Church Street
Ledbury
HRS IDH

9th December 2015



Dear Councillors,

First of all, we would like to thank you for appointment of Hale Jackson Knight as internal auditors to Ledbury Town Council.

Internal audit year ended 31st March 2016

We have now commenced our work on the internal audit for the year ended 31st March 2016, with our first visit on 25th November 2015.

Use of the report

This report is made solely for the use of the Councillors of Ledbury Town Council, as a body, and solely for reporting on the internal controls of Ledbury Town Council, in accordance with my letter of engagement dated 14th August 2015.

Our work has been undertaken so that we might report to the Councillors those matters that we have agreed to state to them in this report and for no other purpose. Our report must not be recited or referred to in whole or part in any other document nor made available, copied or recited to any other party, in any circumstances without our express prior written permission.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Councillors of Ledbury Town Council as a body for our work, for this report or the opinions we have formed.

Criteria and Scope

We have followed the audit programme as recommended by NALC in their publication *Governance and Accountability for Local Councils — A Practitioners Guide (England) March 2014*". The responsibility for internal controls remains with councillors.

The audit programme covered the following areas:

- A. Proper book-keeping
- B. Financial Regulations, Standing Orders and Payment Controls
- C. Risk Management
- D. Budgetary Controls
- E. Income Controls

Website: www.halejacksonknight.co.uk

Partners: Sara L Jackson BA FCA Paula E Knight BSc FCA Consultant: Leslie Hale BSc FCA
Registered to carry on audit work in the UK and Ireland and regulated for a range of investment business activities
by the Institute of Chartered Accountants in England and Wales.



- F. Petty cash procedures
- G. Payroll controls
- H. Asset control
- I. Bank reconciliation
- J. Year-end procedures

We have examined the accounting records and the documentation supporting these. I have reviewed the minutes of meetings and supporting papers to meetings and I have held discussions with Mrs Karen Mitchell, the Town Clerk and Responsible Financial Officer for the Council.

From our initial visit I would note the following.

Financial Regulations and Standing Orders

The work to review the regulations still remains outstanding. I understand that the review is ongoing but is due to be finalised this month.

Risk management

I note the Finance & General Purpose Committee reviewed and adopted the Risk Register for the year in May 2014 and this review was undertaken within the year.

However, there was a recommendation for a further review in the year. This has not been undertaken. I refer council back to the previous internal auditor's report of 7th May (reproduced below), and would hope that the working party conclude its work in this area in the near future

"Risk Management"

I note from the minutes of the Full Council on the 22nd January the risk register was discussed and a working party was established to review this. I understand that there has been no progress on this work since this date. I would draw your attention to paragraph 2.104 of the above (NALC) document, it states:

The council generally and members individually are responsible for risk management because risks threaten the achievement of policy objectives. As a minimum, at least once every year members must:

- *Take steps to identify and update their record of key risks facing the council;*
- *Evaluate the potential consequences to the council if an event identifies as a risk takes place;*
- *Decide upon appropriate measures to avoid, reduce or control the risk or its consequences; and*
- *Record any conclusions or decisions reached.*

Because this area has not been covered I will need to report on this matter to the external auditor in my Internal Audit report.

I strongly urge the council to complete this work as soon as possible. Councillors should consider all areas of risk and while it covers financial management it should cover all areas of work including the delivery of the council's objectives.

Good risk management should go beyond reviewing the register, it should also consider how the risks are managed in the day to day decision making and activities of the council.

I have reviewed the register and note that it does cover many areas of business. I would suggest that under the Council Activities Section, consideration should be given to assessing the risk on failure to complete consultations on long term plans, for example the Neighbourhood and Town Plans."

Yours faithfully,

Hale Jackson Knight

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