

7 JUL 2016

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CHARTERED ACCOUNTANTS

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The Councillors  
Ledbury Town Council  
Town Council Offices  
Church Street  
Ledbury  
HR8 1DH

10<sup>th</sup> June 2016

Dear Councillors,

**Internal audit year ended 31st March 2016**

We have now completed our internal audit for the year ended 31<sup>st</sup> March 2016, with a third visit for the year on 2<sup>nd</sup> June 2016. This visit completed the review of the accounts and controls for the year for the completion of the Annual Return, where we need to state whether we are content that the council have met the Internal Control Objectives.

**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
- 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.

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Website: [www.halejacksonknight.co.uk](http://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.



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### **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 our letter of engagement dated 14<sup>th</sup> 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.

### **Work Performed**

On my visit today I carried out the following work:

1. Reviewed progress on all matters outstanding from the previous visit, being agreement on the value at which items will be included on the Asset Register – subsequently agreed as £1,000 by F&GP subject to approval by the Full Council; and ensuring that the councillor reviewing the bank reconciliations signs or initials them as evidence of having checked them.
2. Reviewed minutes of Finance and General Purposes and the Full Council, and other meetings as relevant, from March 2016 to May 2016.
3. Agreed the Annual Return year-end figures to the underlying Omega records, having agreed the precept for the year and the balances brought forward at previous audit visits. Variance of Annual Return figures from the prior year calculated to determine any variance of more than 15% requiring explanation, and the reason for the variance understood.
4. Reviewed the bank reconciliations for the year end for all accounts held, to ensure that the reconciliations have been performed each month, and that they have been reviewed by the appropriate council member.
5. The petty cash procedures were discussed with the Clerk and Deputy Clerk, to include collection of market rents and payment of petty cash expenses, counting and recording of cash received to include segregation of duties as previously discussed, and the checking and recording in the accounts of the monthly petty cash claim and reimbursement to the £100 float.
6. Year-end debtor and creditor balances reviewed and agreed.

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7. Discussed the payroll procedures and controls, and selected 2 employees to agree the gross salary paid agreed to the correctly authorised level of pay in accordance with the NALC directive on salaries, and that the pension scheme deductions were in accordance with the Pensions Service Contribution rates.  
On the basis of the March 2016 salary cost the salary expense for the year was agreed as being reasonable.

### **Results and Matters Arising**

My results and comments from the above are as follows:

1. We were happy with the operation of the petty cash procedures, but as a matter of good practice it was suggested that the clerk count and agree the petty cash held to the balance per the records at the year end and at one other point in the year, and sign and date the petty cash voucher as evidence of having done so.
2. The bank reconciliations were seen for the year-end, and the Clerk advised that Councillor N Morris had reviewed these and had added the date of his review.

The bank reconciliations had not been signed or initialled by him as evidence of this however, and this should be added to future reviews.

Yours faithfully

*Hale Jackson Knight*

**Hale Jackson Knight**