

Silvester Horne Institute Charity Accounts 2021/22 Independent Examination

The independent examination of the Silvester Horne Institute Charity Accounts for the year ended 31st March 2022 was carried out by undertaking the following tests:

- Review of the receipts and payments accounts and all disclosure notes including sample checks.
- Review of Trustee Report including consistency of financial information with the Charity Accounts
- Review of minutes
- Review of bank reconciliations including substantive testing of year end bank reconciliation
- Review income and expenditure categories by comparison with the prior year.
- Checking that books of account have been properly kept throughout the year
- Verify that opening balances are brought forward correctly
- Review of fixed asset register

Conclusion

Please see the independent examination certificate for the statutory conclusion. The action plan overleaf details the issues identified during the independent examination relating to improvements in the system of accounting.

JDH Business Services Ltd

**Silvester Horne Institute Charity Accounts
2021/22 Independent Examination**

Test Area	Findings	Action	Management Response /Follow Up
2021/22 independent examination			
Revised trustee report and CC16A accounts	The analysis of the receipts and payments in updated trustee report is inconsistent with the CC16A accounts as debtors have been shown in the lower half of the statement in the trustee report, in order for the accounts to agree to the CC16A receipts and payments accounts.	<i>The trustee report should be corrected to simply show the same receipts in as is in the CC16A accounts. Therefore, the debtor adjustment should also be removed in the Trustee Report analysis.</i>	This is noted and has now been
Draft trustee report and CC16A accounts	<p>There were a significant number of inconsistencies between the financial information presented in the first draft trustee report and the CC16A accounts.</p> <p>We advised the clerk to utilise the Charity Commission template for the trustee report to provide a more concise and accurate presentation of information required. This has now been done and re-submitted to us for review. See above issue re. updated version of Trustee Report.</p>	<i>The Charity Commission template for the Trustee report should be used for each financial year.</i>	Noted

**Silvester Horne Institute Charity Accounts
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Income testing	A sample of hire invoices could not be agreed to the pricing per the price list provided to us. The price list provided to us is dated 2018	<p><i>The pricing and audit trail from the booking, invoice and price list needs to be improved. Any discretionary/concessions available must be approved by the meeting of the sole trustee.</i></p> <p><i>The hire price list should be reviewed annually and approved by the sole trustee.</i></p>	Prices are to be reviewed January 2023 and will be simplified.
Analytical review – energy costs	Significant issues have been identified by the council clerk with respect to energy bills including a credit that had not yet been refunded, the gas account had incorrectly been in the name of the Church Stretton Recreation Park Sandford charity, and no exemption had been received for reduced VAT and CCL for charity status. No rec the clerk is currently resolving these issues and has claimed the Charity exemption for reduced VAT and Climate Change Levy.	No recommendation – the clerk is currently resolving issues with respect to energy bills and charity exemption has been claimed with HMRC.	Now resolved

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2021/22 Independent Examination**

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2020/21 independent examination			
Follow up prior year issues	There are still actions outstanding from the prior year action plan.	<i>Recommendations should be implemented on a timely basis.</i>	
2019/20 Action Plan			
Review of accounts and disclosure notes	The note B4 states that all fixed assets belong to the 'unrestricted' fund. Also see issue re consistency of account categories below.	<i>The sole trustee is currently reviewing the charity and part of that review should involve identifying which fixed assets are restricted, unrestricted or endowment funds.</i>	Recommendation Outstanding
Review of Trustee Report including consistency of financial information with the Charity Accounts	No issues arising		
Review of minutes and other documentation	No issues arising		
Review of bank reconciliations	No issues arising		
Review of all detailed income and expenditure categories.	There is inconsistency between the classification of items in income and	<i>The council should determine a consistent categorisation of items</i>	Implemented

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	expenditure categories between financial years.	<i>in the respective account headings to ensure consistent comparison between financial years, and where necessary using a prior year adjustment for the disclosure of comparatives to ensure a like for like disclosure of financial information.</i>	
Checking that books of account have been properly kept throughout the year.	See above issues		
Verify that opening balances are brought forward correctly	No issues arising		
Review of fixed asset register	The fixed asset register includes an inventory total of £25026 for 'Contents of SHI' but the inventory to support this information was not provided. Also see outstanding issues from 2018/19.	<i>The trustee should identify the inventory that supports the £25026 entry in the fixed asset register and carry out a review to ensure the inventory is up to date for all equipment capital additions and disposals for this fixed asset category.</i>	20/21 follow up - Recommendation Outstanding 2021/22 follow up – a review and inventory of fixed assets has now been carried out.
2018/19 independent examination			
Review of accounts and	The original accounts presented for	<i>All changes actioned by RFO.</i>	

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disclosure notes	<p>independent review comprised an ad hoc format with a mixture of printouts from the RBS accounts system, Word documents and spreadsheets.</p> <p>The accounts were presented on accruals basis but there is no requirement for this size of charity to submit comprehensive SORP accruals accounts, instead basic receipts and payments accounts can be submitted.</p> <p>We recommended the Charity accounts were completely revised to receipts and payments accounts using the recommended format provided by the Charity Commission.</p>	<p><i>Final version of receipts and payments accounts using Charity Commission recommended format used. The revised accounts were checked and agreed as correct.</i></p>	
Review of Trustee Report including consistency of financial information with the Charity Accounts	<p>The trustee report and the charity commission website details note there is a linked charity called Holt Endowment Fund for which no details could be identified.</p> <p>The trustee report indicates that there are earmarked reserves for the charity.</p>	<p><i>Details of the Holt Endowment Fund should be secured, including whether this should be recorded as a restricted fund within the charity accounts.</i></p> <p><i>A review should be carried out to identify the level of earmarked reserves which should then be disclosed as restricted reserves in the 2019/20 charity accounts.</i></p>	<p>2020/21 follow up - Recommendation outstanding</p> <p>2021/22 follow up – Trustee Report notes that earmarked reserves have been established</p>

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	However, these are not recorded in the accounts and we could identify no record of the current and past levels of the earmarked reserves.		
Review of minutes and other documentation	No issues arising		
Review of VAT status	VAT is reclaimed from HMRC via the Town Council VAT registration, even though the primary income received is from VAT exempt services. There is no documentation available to evidence that the VAT arrangements operating at the Charity have been accepted by HMRC.	<i>The Trustee should secure the services of a VAT consultant to carry out a review of the VAT arrangements of the charity.</i>	The Town Council has engaged a VAT consultant to review and resolve the VAT issues relating to the Town Council and all associated sole trustee charities.
Review of insurance	There is no control document in place to evidence that an annual review has been carried out to ensure all assets are appropriately insured	<i>The Trustee should ensure that all the charity assets are appropriately insured.</i>	No feedback provided to date as to whether this has been actioned.
Review of bank reconciliations	No issues arising		
Review of all detailed income and expenditure categories by comparison with the prior year.	The aged debtor listing contains a number of aged debts.	<i>An incomes policy should be established including credit control over aged debts and procedures to follow where there are bad debts.</i>	Recommendation outstanding

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Checking that books of account have been properly kept throughout the year	No issues arising		
Verify that opening balances are brought forward correctly	No issues arising		
Review of fixed asset register	There was no evidence a review is carried out annually to identify capital expenditure to be included as additions to the fixed asset register	<i>The expenditure in the ledger should be reviewed annually to identify any capital additions for inclusion in the fixed asset register.</i>	20/21 follow up - Recommendation outstanding 2021/22 follow up – a review and inventory of fixed assets has now been carried out.
Review and follow up of prior year independent examination report	No issues raised		