



Frodsham Town Council

Internal Audit 2018/19

Interim Report

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Registered to carry on audit work by the Institute of Chartered Accountants in England and Wales

The internal audit of Frodsham Town Council is carried out by undertaking the following tests as specified on the Annual Return for Local Councils in England:

- Checking that books of account have been properly kept throughout the year
- Checking a sample of payments to ensure that the Council's financial regulations have been met, payments are supported by invoices, expenditure is approved, and VAT is correctly accounted for
- Reviewing the Council's risk assessment and ensuring that adequate arrangements are in place to manage all identified risks
- Verifying that the annual precept request is the result of a proper budgetary process; that budget progress has been regularly monitored and that the council's reserves are appropriate
- Checking income records to ensure that the correct price has been charged, income has been received, recorded and promptly banked and VAT is correctly accounted for
- Reviewing petty cash records to ensure payments are supported by receipts, expenditure is approved and VAT is correctly accounted for
- Checking that salaries to employees have been paid in accordance with Council approvals and that PAYE and NI requirements have been properly applied
- Checking the accuracy of the asset and investments registers
- Testing the accuracy and timeliness of periodic and year-end bank account reconciliation(s)
- Year end testing on the accuracy and completeness of the financial statements

The interim internal audit provides evidence to support the annual internal audit conclusion on the Annual Return for larger councils.

Conclusion

On the basis of the internal audit work carried out, in our view the council's system of internal controls is in place, adequate for the purpose intended and effective, subject to the issues reported in the action plan overleaf.

As part of the internal audit work for the next financial year we will follow up all recommendations included in the action plan.

JDH Business Services Limited

	ISSUE	RECOMMENDATION	FOLLOW UP
1	<p>Bank Accounts</p> <p>A transfer of £40000 from the Business select instant saver account to the Hob Hay Wood charity was made in error. The incorrect transfer was identified and corrected.</p> <p>The mayors charity account is no longer used.</p>	<p><i>The account details for material transfers should be checked by another member of staff prior to execution of the transfer to ensure the account details are correct.</i></p> <p><i>The council should consider rationalising the number of bank accounts to reduce administration.</i></p>	<p>This will be implemented and Administrative Officer will check material transfers in future.</p> <p>To be discussed at meeting to be held on 15-04-19</p>
2	<p>Procurement</p> <p>The FRs have three procurement bands:</p> <ul style="list-style-type: none"> - £250 - £2999 requires three estimates/quotations - £3000 - £25000 requires three quotations - >£25000 requires three tenders <p>There does not seem to be any difference between the procurement requirements for £250- £2999 and £3000 - £25000.</p> <p>We could only identify two quotations for Play Area Equipment Fountains Lane contract awarded to The Great Outdoor Gym Company for £10220. However, the contract was funded by grant monies.</p>	<p><i>The council should adopt NALC model Financial Regulations which contain clear procurement requirements</i></p> <p><i>The quotations secured for material contracts should be retained as evidence Financial Regulations have been complied with. All contracts should be awarded in compliance with the Financial Regulations</i></p>	<p>NALC Model Finance Regs were formally adopted by the Council on 25th March 2019.</p> <p>A quotation file has been opened.</p>

	ISSUE	RECOMMENDATION	FOLLOW UP
3	<p>The asset register has not been updated for 2018/19 capital expenditure for instance the following transactions should be reviewed to determine whether they constitute additions to fixed assets:</p> <p>The Wicksteed Playground Installation - Townfield Lane £35795</p> <p>The Great Outdoor Gym Company (Play Area Equipment Fountains Lane) £10220</p> <p>Speed Gun purchase £1675</p>		<p>The asset register has been updated and will be presented to Policy & Process Committee due to meet on 15th April 2019.</p> <p>Part of the Townfield Lane cost were ground works and installation. Just the net figure for the actual equipment has been added to the register.</p> <p>The speed gun has been added to the register.</p>
4	<p>Minutes currently state that the bank reconciliations and payments are noted rather than approved.</p>	<p><i>The minutes should state that payments and the bank reconciliations are approved to evidence council have reviewed and formally approve them</i></p>	<p>All reconciliations and payments are now formally approved as resolved.</p>