



Frodsham Town Council

Internal Audit 2021/22

Interim Report

JDH BUSINESS SERVICES LTD

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 in the AGAR 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 in the AGAR 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

ACTION PLAN

	ISSUE	RECOMMENDATION	FOLLOW UP
1	<p>The grounds maintenance contract has recently been subject to a tender process however, the contract has not been awarded as per the Financial Regulations as these require that tenders are provided in a sealed envelope and all opened at the same time on the prescribed date by the Clerk in the presence of at least one member of council. This did not occur as the tenders were requested and opened by email by the clerk.</p> <p>The Contract was advertised on the contract finder website, however, we note that the advert did not include details of the weighting of criteria as required by section 67 (9) of The Public Contract Regulations 2015.</p> <p>We do note, however, that although the Council has not strictly complied with both their own Financial Regulations and The Public Contract Regulations 2015, it has demonstrated some evidence of market testing by advertising for and receiving quotations for the contract.</p>	<p><i>The Council must ensure that all contracts are procured as per their Financial Regulations and The Public Contract Regulations 2015.</i></p>	
2	<p>The Financial Regulations require that for contracts over £3000 that they will seek at least two estimates. This is not in line with the NALC model Financial Regulations which require three</p>	<p><i>The Council should consider adopting model Financial Regulations with regard to procurement.</i></p>	

	ISSUE	RECOMMENDATION	FOLLOW UP
	quotations for contracts in excess of £3000 and below the tender threshold.		
3	<p>The scheme of delegation in place in April and May 2021 states the following:</p> <p><i>5.3. The Clerk/RFO shall prepare the monthly schedule of accounts for payment which shall be circulated electronically to all Councillors for inspection and questions. After 3 working days, the schedule shall be approved as per clause 4.2 and approved by the Chairman by email.</i></p> <p>There was no evidence of email authorisation by the Chair although we are satisfied that the payments were approved retrospectively at a later meeting.</p>	<p><i>In future if a scheme of delegation is in place the council must ensure that there is an adequate audit trail in place to evidence the authorisation of payments.</i></p>	
2020/21 year-end internal audit recommendations			
1	<p>The council, during 2019-20 did not correctly provide for the period for the exercise of public rights as required by the Accounts and Audit Regulations since the date the public notice announcement was published on the website was the first day of the inspection period.</p>	<p><i>The council must comply with the requirements of the Accounts and Audit Regulations 2015 with respect to the notice for the exercise of public rights.</i></p>	<p>Implemented for 2020/21</p>