

Annual Internal Audit Report 2023/24

FRODSHAM TOWN COUNCIL

WWW.FRODSHAM.GOV.UK

During the financial year ended 31 March 2024, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2023/24 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓ NO PETTY CASH.
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		* EXCEPT FOR ISSUE 1 IN INTERNAL AUDIT REPORT
K. If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2022/23 AGAR tick "not covered")			✓
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	✓		
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2023-24 AGAR period, were public rights in relation to the 2022-23 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2022/23 AGAR (see AGAR Page 1 Guidance Notes).	✓		

O. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.	✓*		EXCEPT FOR ISSUE 3 IN INTERNAL AUDIT REPORT

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed). REPORT

Date(s) internal audit undertaken

23/11/2023 15/5/2024

Name of person who carried out the internal audit

JDM BUSINESS SERVICES LTD

Signature of person who carried out the internal audit

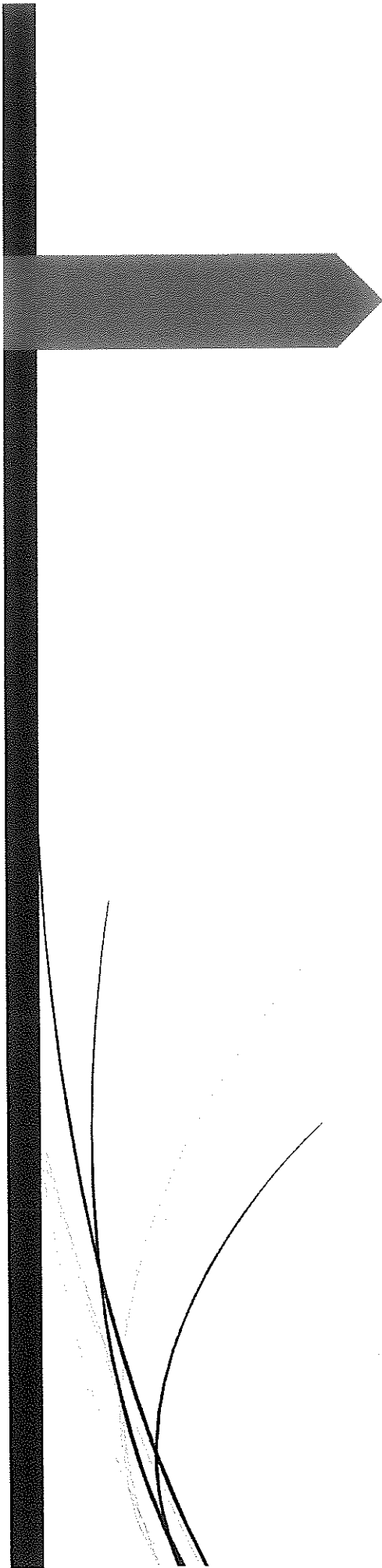
JDM Business Services Ltd

Date

15/05/2024

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).



Frodsham Town Council

Internal Audit 2023/24

Year-End Report

15th May 2024

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

**FRODSHAM TOWN COUNCIL 2023/24
YEAR-END INTERNAL AUDIT**

ACTION PLAN

	ISSUE	RECOMMENDATION	FOLLOW UP
1	<p>The amount held in the accounts as a retention for the Ship Street Play Area contract of £5403 does not correspond to the final statement for the project that shows the retention as £3584. This is because it includes a retention from an earlier valuation for the same project.</p>	<p><i>The retention in the accounts should agree to the final valuation statement.</i></p>	<p>Journal Ref 109 dated 22/05/2024 removes the previous retention of £1,819.64. Min ref 20/05/2024/11d</p>
2	<p>An annual risk assessment has taken place and has been approved by the Finance and General Purposes Committee, however this has not been approved by full council.</p>	<p><i>Full Council should approve the annual risk assessment.</i></p>	<p>This will be approved in July 2024 at the next full council meeting. Min ref 20/05/2024/11d</p>
3	<p>The Council are a sole trustee of three charities. The Charity Commission website shows that while the annual returns for each of the charities have now been received they weren't received within the required deadlines.</p>	<p><i>The Council must ensure Charity Commission returns are submitted within Charity Commission deadlines.</i></p>	<p>The annual returns for the 3 charities for the period 2023-2024 will be submitted within the Charity Commission deadlines. Min ref 20/05/2024/11d</p>

**FRODSHAM TOWN COUNCIL 2023/24
YEAR-END INTERNAL AUDIT**

ISSUE	RECOMMENDATION	FOLLOW UP
2023/24 interim audit recommendations		
<p>1 Testing of a sample of payments identified:</p> <ul style="list-style-type: none"> • £133.82 of VAT had not been coded separately within the nominal ledger for a payment to the Noticeboard Company. • A grant of £10,000 was made to the Christmas Festival Organising Group. We have not seen a letter of receipt for this payment. 	<p><i>The Council must ensure VAT is reclaimed on all eligible payments.</i></p> <p><i>Letters of receipt should be requested for significant grants/donations.</i></p>	<p>A journal was posted before the year-end.</p> <p>Receipts are now requested for all grant payments.</p>
<p>2 The financial regulations allow for payment via banking transfer or BACS/CHAPS (FR ref 6.9.6.10), which is how the majority of payments are made. They require that evidence is retained showing which members approved the payment. This is evidenced by the Councillors who have authorised each payment initialing the invoices. We note however that the date of authorisation (which would evidence authorisation before payment) is not recorded with the signatures.</p>	<p><i>The date of authorisation should be recorded when invoices are initialled by councillors to ensure that all payments are authorised before payment.</i></p>	<p>The date of authorisation by councillors is now recorded together with the date payments are set up at the bank by the Clerk and the date they are authorised at the bank by a councillor.</p>
<p>3 The payroll agent is informed of pay increases solely via an email from the Clerk.</p>	<p><i>The email to the payroll agent informing them of pay increases should be copied to the Chair of the Council.</i></p>	<p>Any future instruction to the payroll agent will be copied to the Chair.</p>

Date	30/06/2023	Month No:	3	Prior Periods		Journal Ref:	109
<u>A/c</u>	<u>Description</u>	<u>Centre</u>	<u>Description</u>	<u>Transaction Detail</u>	<u>Debit</u>	<u>Credit</u>	
520	Retentions	0		Remove previous retention	1,819.64		
4999	Ship Street Play Area	170	Amenities	Remove previous retention			1,819.64
Narrative: Correct jnl for retention which ignored previous retention already accounted for.					Journal Totals	1,819.64	1,819.64
