INTERNAL AUDIT REPORT
NESTON TOWN COUNCIL
2022/2023

The internal audit of Neston Town Council was 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

Conclusion
On the basis of the internal audit work carried out, which was limited to the tests indicated above, in our view the council's system of internal controls is in place, adequate for the purpose intended and effective, subject to the recommendations 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

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ACTION PLAN

	ISSUE	RECOMMENDATION	FOLLOW UP
1	**<u>2022/2023 Year end audit – review of final accounts</u>** We are pleased to note no issues arising during the year end audit.		
2022/23 interim audit recommendations			
1	We have previously reported that the risk assessment does not address the risks of supplier (procurement) fraud. The Council are due to review their annual risk assessment before the year-end and should ensure that they cover controls that should be in place to prevent supplier fraud as this is a growing area of risk. The Council should also review the adequacy of their fidelity cover as part of the annual risk assessment.	*The risk assessment should be updated to include supplier (procurement) fraud before the year-end.* *The adequacy of the fidelity cover should be reviewed during the risk assessment process.*	**Implemented** **Implemented**