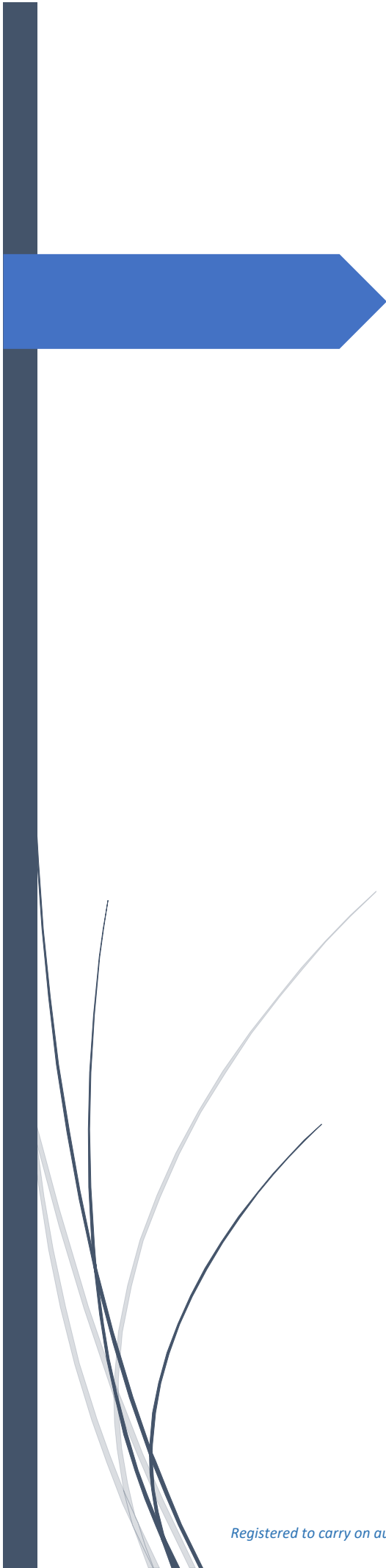




Winsford Town Council

Internal Audit 2025/26

JDH BUSINESS SERVICES LTD

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

INTERNAL AUDIT REPORT WINSFORD TOWN COUNCIL

The internal audit of Winsford 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)
- Review of year - end financial statements
- The authority has complied with the publication requirements for the prior year AGAR.
- The authority correctly provided for a period for the exercise of public rights for the prior year AGAR
- The authority published required information on a website up to date at the time of the internal audit in accordance with relevant legislation.
- Review of Assertion 10 (Annual Governance Statement) requirements.

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

Conclusion

On the basis of internal audit work carried out, which was limited to the tests above, in our view the council's system of internal controls is in place, adequate for the purpose intended and effective, except for the recommendations reported in the action plan. 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
2025/26 year end internal audit			
1	The fidelity insurance cover is currently £1million. Fidelity insurance should aim to cover the maximum projected balances which is calculated as the year end cash and bank and investment balances of £556557 plus the next precept instalment (100% of the annual precept is received in April of each year) which is £860690 (2026/27 precept) giving an estimated total cash and bank balances of £1,417,247. Financial Regulations require the following: <i>14.4 All appropriate members and employees of the council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined annually by the council.</i>	<i>As part of risk assessment procedures, the council should annually estimate maximum projected cash and bank and short term investment balances and set the level of fidelity insurance accordingly as required by the Financial Regulations.</i> <i>The council need to review the current level of fidelity insurance as it does not cover maximum projected cash and bank balances.</i>	
2	Pay rises are notified to the payroll agent via an email from officers.	<i>The Chair should either email the annual officer pay rise information to the payroll agent or a scanned letter</i>	

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	ISSUE	RECOMMENDATION	FOLLOW UP
		<i>from the Chair should be sent to the agent conforming the annual officer pay rises.</i>	
3	AGAR accounts page review: - The 20204/25 comparative for fixed assets has been restated from £6,037,758 to £919,160.	<i>The word 'restated' should be written next to any restated prior year comparatives in the AGAR accounts. A detailed explanation should be provided to external audit for the restatement.</i>	
2025/26 interim internal audit			
1	The following income transaction is labelled as "bonfire Income" in the ledger but does not relate to bonfire income. The income is comprised of bowling club income, allotment rent, and a reimbursement from the Mayor's charity bank account: • 1691 18/11/25 £2,152.70 Bonfire Income For the allotment rent component of this transaction, the income due was underpaid by £0.30p according to the letter provided	<i>The description of income transactions in the ledger should accurately describe the source(s) of the income.</i> <i>Supporting documentation should be secured for all income sources and a clearly described audit trail should be maintained.</i>	

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	ISSUE	RECOMMENDATION	FOLLOW UP
	with the charge being £52.50 and £52.20 actually paid. No documentation was provided regarding the £262.50 income from Over Crown Green Bowling Club and the £542.50 income from Wharton Bowling Club.		
2	The following income transaction relates to a £500 donation from Harry Sharland's Fun Fair, but no documentation was provided to evidence the transaction, which was actually described as 'Green fees' in the ledger: 1683 19/11/25 £500.00 Various Customers Green Fees	<i>Supporting documentation should be secured for all income sources and a clearly described audit trail should be maintained.</i>	
3	The following income transaction relates to tickets for the bonfire event: 1676 12/11/25 £2,808.10 Various Customers Income – Events	<i>Supporting documentation should be secured for all income sources and a clearly described audit trail should be maintained.</i>	

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	ISSUE	RECOMMENDATION	FOLLOW UP
	Only the paying in cheque and the minutes with the ticket prices is provided as evidence for the transaction.		
4	A debit card is now used for some expenditure, but the Financial Regulations have not been updated to allow for its use.	<i>The Financial Regulations should be updated to include controls over the use of Debit Card.</i>	
2024/25 year end internal audit			
1	Year-end bank reconciliation: - No clear audit trail of bank reconciliation information was provided to agree to the Balance Sheet cash in hand and at bank figure of £513,154.79, although we were able to agree individual reconciliation information to the balance sheet - No year end information was provided to support the petty cash balance in the bank reconciliation.	<i>The information provided to evidence the consolidated year end bank reconciliation and to support the Balance Sheet figure for 'Cash in hand and at bank' figure should be improved.</i>	Implemented

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	ISSUE	RECOMMENDATION	FOLLOW UP
	We are informed there was no movement during the year on the petty cash float as it was not utilised.	<i>The council should consider paying the petty cash balance into the bank account if petty cash is no longer to be used.</i>	
2024/25 interim internal audit			
1	There is currently no formal medium term corporate plan showing the medium term priorities, objectives and strategic direction of the council.	<i>The council should consider formalising its priorities and objectives into a medium term corporate plan.</i>	<i>Implemented</i>
2	The Accounts and Audit Regulations require the council to conduct a financial year review of the effectiveness of the system of internal control. Although there are internal controls in place as evidenced by the Financial Regulations and mitigation measures in the annual risk assessment, the council has not conducted an annual review of the effectiveness of internal controls and documented this in the minutes.	<i>The council should conduct an annual review of the effectiveness of the system of internal controls and document this review in the minutes.</i>	<i>Implemented - The internal control review was carried out in March 2025</i>
3	A receipt dated 19/12/2024 in the ledger for £710.50 is described as 'Various Customers - Various Income'. Further review of the analysis of the receipt indicated it was	<i>Supporting documentation should be secured for all income sources and a clearly described audit trail should be maintained.</i>	<i>Recommendation Outstanding – see 2025/26 interim issues</i>

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	ISSUE	RECOMMENDATION	FOLLOW UP
	comprised of a number of different items including Salt Fair income and some items labelled as 'miscellaneous'. No actual vouchers were available.		
2023/24 year end internal audit			
1	Year end bank reconciliation: - No statement was provide to evidence the balance of £27,000 included as the Capital Investment account in the year end bank reconciliation. - The Silver Jubilee account, Allotments account and Capital Projects account were not balanced to the year end (31/03/2024) bank statement balances so a minor amount of interest received was not included in the 2023/24 accounts. - No year end information as provided to support the petty cash balance in the bank reconciliation.	<i>All year end bank statements must be provided for internal audit. Councillors should ensure they agree the year end bank reconciliation balances for these bank accounts/deposits to the year end statements to agree that the funds are held as stated in the reconciliation.</i> <i>Year end bank statements must be used for the year end bank reconciliation and the petty cash account should be provided to support the year end petty cash included in the bank reconciliation.</i>	Implemented, however, see petty cash recommendation 2024/25

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	ISSUE	RECOMMENDATION	FOLLOW UP
2	Although we note the risk assessment was approved by Finance Committee and then later in March 2024 the council approved these Finance Committee minutes, strictly speaking the full council meeting should actually approve the annual risk assessment	<i>Full council should approve the annual risk assessment document.</i>	Implemented
3	The following information is not published on the council website as required by the Local Authority Transparency Code 2015: <i>PUBLICATION 32. Local authorities must also publish details of any contract, commissioned activity, purchase order, framework agreement and any other legally enforceable agreement with a value that exceeds £5,000. For each contract, the following details must be published:</i> - <i>reference number</i> - <i>title of agreement</i> - <i>LA department responsible</i> - <i>description of the goods and/or services being provided</i> - <i>supplier name and details</i> - <i>sum to be paid over the length of the contract or the estimated annual spending or budget for the contract</i> - <i>Value Added Tax that cannot be recovered</i> - <i>start, end and review dates</i> - <i>whether or not the contract was the result of an invitation to quote or a published invitation to tender, and</i> - <i>whether or not the supplier is a small or medium sized enterprise and/or a voluntary</i>	<i>The council should ensure that it complies fully with the publication requirements of the Local Authority Transparency Code 2015.</i>	Implemented for 20204/25 financial year

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	ISSUE	RECOMMENDATION	FOLLOW UP
	<i>or community sector organisation and where it is, provide the relevant registration number</i>		
4	The year-end creditor analysis contains a number of items that are dated in previous financial years.	<i>The creditor ledger should be reviewed and out of date transactions and those items that are no longer creditors, cleared from the EDGE ledger.</i>	Implemented
2023/24 interim internal audit			
1	The mayoral badges contract paid on 10/10/23 for £4,524.82 was not ordered accurately. Review of the supporting audit trail identified that precise specifications and requirements were not provided to the supplier, for instance, in the form of a comprehensive purchase order or other document detailing precisely the goods required, the quantity, and detailed specifications for the supplier. The council should always clearly communicate purchase requests to suppliers to reduce as far as possible or eliminate completely any confusion about the goods or services being requested. This is best carried out through the issue of a purchase	<i>A comprehensive purchase order should be issued to suppliers for goods and services where it is deemed necessary to communicate more detailed specifications and quantities to the supplier, to eliminate any doubt as the exact items being purchased.</i>	No further procurement issues identified in 2024/25.

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	ISSUE	RECOMMENDATION	FOLLOW UP
	order which serves as a legally binding document and providing clear instructions to the supplier and a documented audit trail that can be reviewed for reference if the goods or service provided do not equate to the original purchasing intention.		
2	We could not identify comprehensive income records to support the following receipt: 21/11/23 £297.50 Various Customers General Income - Salt Fair 2023. The price of programme sales for this event was £1 but no information has been provided reconciling the number of programmes sold with the income received.	<i>Income records must be retained for all income sources to evidence the completeness and accuracy of income received.</i>	Recommendation Outstanding - See 2024/25 interim internal audit income issue
Previous years outstanding issues			
	The total of October 2021 payments per the payroll analysis is £26547.43. However, the	<i>The council should investigate and resolve the difference between the</i>	2022/23 follow up - The difference highlighted remains unresolved.

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	ISSUE	RECOMMENDATION	FOLLOW UP
	total payroll posted to the ledger for October 2021 is £23,156.15. Therefore, there is a difference of £3,391.28 between the ledger and the underlying payroll analysis for month seven.	<i>underlying payroll analysis and the ledger postings for the October 2021 payroll.</i>	
	Income from land transactions of £75,161.60 was received in 2021/22.	<i>The council should ensure the capital receipt is earmarked in a capital receipts (unapplied) reserve as these monies can only generally be applied to finance future capital expenditure.</i>	
	The risk assessment does not address the risks of supplier fraud. Most standard local council policies do not cover supplier fraud. The supplier fraud risks can be managed via appropriately robust policies and procedures. Examples of prevention actions include: - training for staff to alert them to the potential risks of providing sensitive company information, by phone or other means, especially contract and account information. - establish a rigorous change of supplier details procedure - where a supplier has purported to have changed their bank details always call the supplier to check the veracity of a request, using details in your system, rather than those on any associated letter or email. A person should be authorised to approve a supplier bank account	<i>The risk assessment should be updated to include supplier fraud including the adequacy of supplier onboarding controls.</i>	Recommendation Outstanding

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	ISSUE	RECOMMENDATION	FOLLOW UP
	change after having reviewed the process undertaken to verify the supplier details change - periodic review of supplier accounts should also be undertaken to remove any dormant accounts. This reduces the likelihood of any old supplier information being used to secure fraudulent payments. - checking address and financial health details with Companies House - checking samples of online payments to supplier invoices to ensure the payment has been made to the supplier bank account -		
	We have previously recommended that <i>'Councillors should periodically check payroll output to source documentation to ensure employee pay agrees to the authorised pay scales'</i>. We confirmed that a council review and approval of payroll occurred in the last quarter of 2019/20. However, access to the Oracle payroll system has been challenging due to pandemic restrictions meaning officers having to work from home. Therefore, we were informed that detailed analysis of monthly payroll from Oracle has	<i>When pandemic restrictions are lifted and access to Oracle payroll information is possible, members should select a sample payroll period and review the payroll output to source documentation.</i>	Although clerk has confirmed the payroll is reviewed at least annually, the detailed checks recommended in this issue should be implemented. 2022/23 follow up - the clerk has confirmed that members review and carry out checks on payroll annually.

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	ISSUE	RECOMMENDATION	FOLLOW UP
	not been available for review and approval by councillors on a timely basis.		