

**INTERNAL AUDIT REPORT - INTERIM
WEM TOWN COUNCIL 2022/23**

The internal audit of Wem Town Council is carried out by undertaking the following tests as specified on 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 on the Annual Return for local 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, subject to 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
1	A review of payments identified a payment in Month 10 that had been entered in the nominal ledger for funding to the swimming pool was incorrect. The payment had not yet been made and the payment schedule was corrected during the interim audit.	<i>A correction must be posted to the ledger. Invoices received should be checked to ensure they are for the expected amount before being processed for payment.</i>	
2	The Council now have a corporate credit card available for the Clerk to use. The Council documentation on internal controls and the financial regulations do not state the monthly and individual transaction limits in place, controls over physical security and the reporting of transactions to Council.	<i>The Council should review the internal controls in place over the use of the credit card and ensure that internal controls documentation is updated accordingly.</i>	
2021/22 internal audit recommendations			
1	There is a minor error on the annual return: Total fixed assets is stated as 1,648,114. The asset register reports a total of 1,648,144. A review of the asset register identified the following:	<i>The annual return should be amended to state the value in the asset register. The laptop should be added to the asset register.</i>	Implemented

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	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>- Dell Vostro Laptop purchased in October 2021 has not been added to the asset register.</p>		
2021/22 interim internal audit recommendations			
1	<p>The Clerk was reimbursed in the year for a zoom subscription paid for with a personal credit card.</p> <p>The financial regulations state:</p> <p>6.18. Any corporate credit card or trade card account opened by the council will be specifically restricted to use by the Clerk and shall be subject to automatic payment in full at each month-end. Personal credit or debit cards of members or staff shall not be used under any circumstances.</p>	<p><i>Personal debit or credit cards should not be used to make purchases for the Council.</i></p> <p><i>The Council should consider the use of a Council credit card for instances where payments cannot be made by other means.</i></p>	<p>The Council minutes record suspension of the financial regulations in order for the Clerk to use a personal credit card for a transaction. A corporate credit card is now available for the Clerk to use.</p>