

INTERNAL AUDIT REPORT 2025/26 SALTNEY TOWN COUNCIL

The internal audit of Saltney Town Council is carried out by undertaking the following tests as specified on the Annual Return for Local Councils:

- 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 (if there is a petty cash system) 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 interim internal audit provides evidence to support the annual internal audit conclusion on the Annual Return for local councils.

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 **except for** the recommendations included in the action plan overleaf, which need to be implemented promptly.

JDH Business Services Ltd

INTERNAL AUDIT REPORT 2025/26
SALTNEY TOWN COUNCIL

	ISSUE	RECOMMENDATION	FOLLOW UP
2025/26 internal audit			
1	<p>RECURRING ISSUE</p> <p>There are still no pension deductions as enrolment into a pension scheme is still outstanding.</p>	<p>RECURRING RECOMMENDATION</p> <p><i>The council must urgently ensure that statutory responsibilities with regard to Pension Regulator auto enrolment requirements are complied with.</i></p>	
2	<p>There was no invoice provided for the following payment in our sample:</p> <ul style="list-style-type: none"> 14/04/2025 100521 Cashbook Street Lighting- TA097009 £678.50 	<p><i>This invoice must be provided so we can progress the internal audit to completion.</i></p>	
3	<p>Staff costs is misstated on the Annual Return as £52,281, when the ledger total adds to £50,281.</p>	<p><i>The Annual Return should be amended before agreement by council and submission for external audit.</i></p>	
4	<p>The year end bank statement for the “Other cash & bank balances” figure of £91644.57 has not been provided</p>	<p><i>This statement must be provided so we can progress the internal audit to completion.</i></p>	
5	<p>The rent receivable documentation provided for the payments below did not evidence the payments made:</p>	<p><i>The council should review the supporting documentation to ensure the correct payment has been made for the rent outstanding.</i></p>	

INTERNAL AUDIT REPORT 2025/26
SALTNEY TOWN COUNCIL

	ISSUE	RECOMMENDATION	FOLLOW UP
	<ul style="list-style-type: none"> - 23/01/2026 100608 Cashbook Office Rent-Back Pay £343.16 - 31/10/2025 100581 Cashbook Rent Arrears £571.92 		
2024/25 internal audit			
1	<p>No VAT was received in the year in respect of previous years and therefore there is no evidence the VAT issues reported (copied below) in 2023/24 have been resolved. The amount of VAT due to the council is now substantial and the VAT reclaim situation needs to be resolved.</p> <p>There is no clear audit trail from some invoices to the VAT account in the Rialtas ledger. For instance, VAT is posted to the VAT account for cheque numbers 493 and 494 but these are contras in the actual ledger expenditure code 4360 for Townscape and the VAT posting appears to relate instead to cheque number 100497. Defibrillator expenditure posted to Townscape for cheque 473 £1941.60 and cheque 472 £132 do not appear to have VAT postings to the VAT account and these should be reviewed by the council. The VAT relating to the cheque payment 509 for £1215.07 posted to the VAT account of £ could not be verified to the supporting rent receivable documentation.</p>	<p><i>A comprehensive review is needed of all expenditure for the financial year to ensure that the VAT has been accounted for correctly in the VAT account.</i></p> <p><i>Complete and accurate VAT returns must be submitted to HMRC on a timely basis and at least annually.</i></p>	<p>2025/26 follow up - VAT returns for 2022/23, 2023/24 and 2024/25 have been submitted to HMRC and the VAT reclaim was received in January 2026.</p>

INTERNAL AUDIT REPORT 2025/26
SALTNEY TOWN COUNCIL

	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>VAT issues from 2023/24 still unresolved:</p> <p><i>'VAT reclaim forms were provided for internal audit no VAT in respect of 2022/23 has been received. We are informed this is due to an issue with HMRC who have been contacted a number of times to resolve the issue.</i></p> <p><i>The nominal ledger accounting and VAT reclaim form for 2023/24 is incorrect as it has not included the following item from Flintshire County Council:</i></p> <p><i>26/07/2023 VAT Back Pay FCC Error £5,635.26 for VAT never previously included on invoices.'</i></p>	<p><i>The nominal ledger and VAT return must be corrected for 2023/24 to ensure the £5635.26 VAT paid to Flintshire County Council less a £773.12 VAT credit received from FCC in August 2023 is reclaimed. Therefore, the net amount reclaimable for the VAT charge from FCC is £4862.14.</i></p>	
2	<p>RECURRING ISSUE</p> <p>There are still no pension deductions as enrolment into a pension scheme is still outstanding.</p>	<p>RECURRING RECOMMENDATION</p> <p><i>The council must urgently ensure that statutory responsibilities with regard to Pension Regulator auto enrolment requirements are complied with.</i></p>	Recommendation Outstanding
3	<p>Recurring Issue:</p> <p>The council asset register is not consistent</p>	<p><i>The council need to cross check the asset register each year with the insurance schedule of fixed assets to</i></p>	No information has been provided regarding action taken to resolve this issue

INTERNAL AUDIT REPORT 2025/26
SALTNEY TOWN COUNCIL

	ISSUE	RECOMMENDATION	FOLLOW UP
	with the insurance schedule. For instance, the insurance schedule states 173 street lights are insured whereas the asset register records 275 free standing streetlights.	<i>ensure they are consistent and updated for new additions and that all assets that require insurance are actually insured.</i>	
4	General reserves are in excess of 200% of the annual precept. Sector guidance is that general reserves should be maintained between 3 months and 12 months of net operating expenditure (or the precept).	<i>The council need to carry out a review of reserves with reference to sector guidance for the recommended levels of general reserves.</i>	Earmarked reserves have been established such that total general reserves are marginally in excess of 100% of the precept.
5	Expenditure testing: The rent receivable documentation provided did not evidence the payment dated 18/03/2025 cheque number 100508 for £1,215.07	<i>The council should review cheque payment 100508 and the supporting documentation to ensure the correct payment has been made for the rent outstanding.</i>	Recommendation Outstanding -see 2025/26 issues
2023/24 internal audit			
1	A total of £42000 earmarked reserves covering items such as the Speed Review, Bus Service Saltney Ferry, Beachwood Road gardens have all been transferred back to general reserves and cancelled. Therefore, with no earmarked reserves all reserves are classified as general reserves of £121,136 which is approximately 144% of the annual precept. Sector guidance is that general	<i>The council must review the levels of reserves with reference to sector guidance for the levels of general reserves. All transfers to and from earmarked reserves must be authorised by council.</i>	2025/26 follow up – earmarked reserves established and general reserves reduced.

INTERNAL AUDIT REPORT 2025/26
SALTNEY TOWN COUNCIL

	ISSUE	RECOMMENDATION	FOLLOW UP
	reserves should be maintained between 3 months and 12 months of net operating expenditure (or the precept).		
2	No annual budget has been populated into the Rialtas accounting ledger, therefore, no meaningful budgetary control information was produced for council for the 2023/24 financial year from the Rialtas system	<i>The annual detailed budget must be populated into the financial ledger to enable meaningful and accurate budgetary control information to be produced for council throughout the financial year.</i>	Implemented
3	<p>RECURRING ISSUE</p> <p>There are still no pension deductions as enrolment into a pension scheme is still outstanding.</p>	<p>RECURRING RECOMMENDATION</p> <p><i>The council must urgently ensure that statutory responsibilities with regard to Pension Regulator auto enrolment requirements are complied with.</i></p>	Recommendation Outstanding
4	<p>Recurring Issue – Payroll:</p> <p>The clerk has confirmed in 2022/23 the council has erroneously claimed the National Insurance Employment Allowance which is for small businesses.</p> <p>Pay rises are notified to the payroll agent via</p>	<p>The council has not provided any evidence for the 2023/24 internal audit that the following payroll recommendations have been implemented:</p> <p><i>The council should ask the payroll agent to calculate the liability due</i></p>	Clerk has confirmed actions with payroll agent

INTERNAL AUDIT REPORT 2025/26
SALTNEY TOWN COUNCIL

	ISSUE	RECOMMENDATION	FOLLOW UP
	an email from officers.	<i>back to HMRC for the incorrectly claimed allowance and the liability should be paid to HMRC.</i> <i>The Chair should email the annual officer pay rise information to the payroll agent.</i>	
5	<p>Although VAT reclaim forms were provided for internal audit no VAT in respect of 2022/23 has been received. We are informed this is due to an issue with HMRC who have been contacted a number of times to resolve the issue.</p> <p>The nominal ledger accounting and VAT reclaim form for 2023/24 is incorrect as it has not included the following item from Flintshire County Council:</p> <p>26/07/2023 VAT Back Pay FCC Error £5,635.26 for VAT never previously included on invoices.</p>	<p>VAT returns must be submitted to HMRC on a timely basis and at least annually.</p> <p>The nominal ledger and VAT return must be corrected for 2023/24 to ensure the £5635.26 VAT paid to Flintshire County Council less a £773.12 VAT credit received from FCC in August 2023 is reclaimed. Therefore, the net amount reclaimable for the VAT charge from FCC is £4862.14.</p>	<p>25/26 follow up – implemented</p> <p>24/25 follow up - Recommendation Outstanding</p>
6	Fixed Assets. The same figure for 2022/23 has been carried forward to 2023/24 in the Annual Return. However, the asset register for total value records 'TBC' with defibrillator cabinets from 2022/23 valued as 'TBC'.	<i>The fixed asset register must be updated with capital expenditure additions each year. The defibrillator cabinets, if owned by the town council, must be recorded in the asset register with a value, (eg purchase price net of VAT).</i>	Implemented

INTERNAL AUDIT REPORT 2025/26
SALTNEY TOWN COUNCIL

	ISSUE	RECOMMENDATION	FOLLOW UP
	The council asset register is not consistent with the insurance schedule. For instance, the insurance schedule states 173 street lights are insured whereas the asset register records 275 free standing streetlights.	<i>The council need to cross check the asset register each year with the insurance schedule of fixed assets to ensure they are consistent and updated for new additions and that all assets that require insurance are actually insured.</i>	25/26 follow up - Recommendation Outstanding this anomaly still exists between the asset register and the insurance schedule
7	<p>Recurring Issue - Fixed Assets</p> <p>A Dell laptop purchased in 2022/23 has been included in the fixed asset register gross of VAT.</p>	<p><i>Recurring Recommendation</i></p> <p><i>Fixed assets recorded at purchase cost in the asset register should be recorded net of VAT as this is reclaimed.</i></p>	Recommendation Outstanding
8	<p>The following 3 payments tested in our sample were not recorded as approved in the minutes published on the council website:</p> <ul style="list-style-type: none"> • 26/07/2023 Flintshire County Council (cheque 100329) £2000.00, Riverside Walk Maintenance • 26/07/2023 Flintshire County Council (cheque 100324) £5,000.00 Riverside Pathway • 26/07/2023 Flintshire County Council (cheque 100325) £5635.26VAT Back 	<i>All expenditure should be approved in the council minutes. The council must establish which set of July 2023 minutes reflect a complete and accurate record of the meeting and ensure the correct minutes are published on the council website.</i>	Implemented

INTERNAL AUDIT REPORT 2025/26
SALTNEY TOWN COUNCIL

	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>Pay FCC Error</p> <p>A different set of council minutes for July 2023 were provided to us that did show approval of the above, but these were not the published minutes on the website.</p>		
2022/23 internal audit			
1	<p>RECURRING ISSUE</p> <p>There are still no pension deductions as enrolment into a pension scheme is still outstanding.</p>	<p>RECURRING RECOMMENDATION</p> <p><i>The council should urgently ensure that statutory responsibilities with regard to Pension Regulator auto enrolment requirements are complied with.</i></p>	Recommendation Outstanding
2	<p>After taking into account earmarked reserves, the year end general reserves are approximately 123% of the annual precept. Sector guidance is that general reserves should be maintained between 3 months and 12 months of net operating expenditure (or the precept).</p>	<p><i>The council should continue to review the levels of reserves with reference to sector guidance for the levels of general reserves.</i></p>	25/26 follow up - earmarked reserves established and general reserves reduced.
3	<p>Payroll</p> <p>The clerk has confirmed the council has erroneously claimed the National Insurance</p>	<p><i>The council should ask the payroll agent to calculate the liability due</i></p>	Recommendation Outstanding

INTERNAL AUDIT REPORT 2025/26
SALTNEY TOWN COUNCIL

	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>Employment Allowance which is for small businesses.</p> <p>Pay rises are notified to the payroll agent via an email from officers.</p>	<p><i>back to HMRC for the incorrectly claimed allowance and the liability should be paid to HMRC.</i></p> <p><i>The Chair should email the annual officer pay rise information to the payroll agent.</i></p>	
4	<p>We were informed that the quotations for the jubilee beacon were sourced by individual councillors. Section 11h.) of the Financial Regulations below require the RFO to source the quotations, not individual councillors:</p> <p><i>h. When it is to enter into a contract of less than £25,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Clerk or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £5,000 and above £1,000 the Clerk or RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10 (3) above shall apply.</i></p>	<p><i>The clerk/RFO should complete all procurement exercises for quotations as required by the Financial Regulations.</i></p>	No further procurement issues identified in 2023/24
5	<p>Fixed Assets</p> <p>A Dell laptop purchased in 2022/23 has been included in the fixed asset register gross of VAT.</p> <p>Full council do not review and approve the Fixed Asset Register annually.</p>	<p><i>Fixed assets recorded at purchase cost in the asset register should be recorded net of VAT as this is reclaimed.</i></p> <p><i>Full council should review and</i></p>	Recommendation Outstanding

INTERNAL AUDIT REPORT 2025/26
SALTNEY TOWN COUNCIL

	ISSUE	RECOMMENDATION	FOLLOW UP
		<i>approve the Fixed Asset Register annually.</i>	
6	<p>There is no Investment Strategy and Treasury Management strategy established in accordance with the requirements of the LGA 2003 and Welsh guidance regarding investments which states:</p> <p><i>'All other town and community councils and charter trustees whose investments are not expected to exceed £250,000 shall have due regard to this guidance and give priority to security and liquidity rather than to yield for any investments they undertake. The level of detail and specific requirements outlined in this guidance will therefore not apply but all Town and Community Councils or Charter Trusts should;</i></p> <p><i>(i) agree a Capital Strategy before the start of the financial year as a minimum; this can be undertaken as a part of the budget setting process;</i></p> <p><i>(ii) agree appropriate limits for each category of investments it plans to carry out;</i></p> <p><i>(iii) agree a process that effectively monitors the strategy in year, and;</i></p> <p><i>(iv) ensure that all investments are in Sterling;</i></p>	<i>The council should consider establishing an Investment Strategy and Treasury Management strategy with reference to the requirements of the Local Government Act 2003 and Welsh guidance regarding investments and strategies.</i>	Implemented
7	There is no adopted expenses policy covering officers and councillors.	<i>The council should adopt an expenses policy.</i>	Recommendation Outstanding