INTERNAL AUDIT REPORT 2022/23
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)
- 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 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
June 23rd 2023

INTERNAL AUDIT REPORT 2022/23
SALTNEY TOWN COUNCIL

	ISSUE	RECOMMENDATION	FOLLOW UP	RAG	Comments/Actions from F&GP Committee
1	RECURRING ISSUE There are still no pension deductions as enrolment into a pension scheme is still outstanding.	**RECURRING RECOMMENDATION** ***The council should urgently ensure that statutory responsibilities with regard to Pension Regulator auto enrolment requirements are complied with.***	completed	Green	Pension Regulator enrolment is done annual via payroll once the reminder from the regulator arrives.
2	After taking into account earmarked reserves, the ~~year-end~~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).	*The council should continue to review the levels of reserves with reference to sector guidance for the levels of general reserves.*	completed	Green	This level of 123% is because the CCLA account is being taken into account.
3	Payroll The clerk has confirmed the council has erroneously claimed the National Insurance Employment Allowance which is for small businesses.	*The council should ask the payroll agent to calculate the liability due back to HMRC for the incorrectly claimed allowance and the liability should be paid to HMRC.*	completed		The Clerk has spoken to payroll and they don't anticipate any liability. The Clerk has since spoken to HMRC to check, they have confirmed

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				Green	that there is a balance of £908.06 to be paid. Cheque has now been raised CHQ No 100420
	Pay rises are notified to the payroll agent via an email from officers.	*The Chair should email the annual officer pay rise information to the payroll agent.*		Green	Noted. ~~that there is a balance of £908.06 to be paid. Cheque has now been raised CHQ No 100420~~
4	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: *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*	*The clerk/RFO should complete all procurement exercises for quotations as required by the Financial Regulations.*	completed	Green	Noted

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	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.				
5	Fixed Assets A Dell laptop purchased in 2022/23 has been included in the fixed asset register gross of VAT. Full council do not review and approve the Fixed Asset Register annually.	*Fixed assets recorded at purchase cost in the asset register should be recorded net of VAT as this is reclaimed.* *Full council should review and approve the Fixed Asset Register annually.*	completed	Green	Fixed Asset Register F&GP 6.2.24 with a recommendation to Council on 14.2.24
6	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: *'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*	*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.*		Green	Council – 12.7.23 approved an Investment Strategy

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	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) 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;* *(ii) agree appropriate limits for each category of investments it plans to carry out;* *(iii) agree a process that effectively monitors the strategy in year, and;* *(iv) ensure that all investments are in Sterling;*				
7	There is no adopted expenses policy covering officers and councillors.~~s.~~	*The council should adopt an expenses policy.*			
2021/22 internal audit report					
1	No budgetary control reports were presented to council between April and October 2021. Financial Regulations required the following: 4.8. The RFO shall monthly provide the council with a statement of receipts and	The council must comply with the budgetary control requirements of the Financial Regulations (FRs).	Finance and General Purposes Committee minutes record the receipt of financial reports.		

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	payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget.				
2	The annual risk assessment was updated and put to Finance Committee, however, the risk assessment was not put to full council for approval. Financial Regulations required the following: 17.1. The council is responsible for putting in place arrangements for the management of risk. The Clerk shall prepare for approval by the council, risk management policy statements in respect of all activities of the council. Risk policy statements and consequential risk management arrangements shall be reviewed by the council at least annually.	The updated annual risk assessment must be reviewed and approved by full council, as required by the FRs	Implemented		
3	After taking into account earmarked reserves, the year end general reserves are still in excess of 160% of the annual precept. Sector guidance is that general reserves should be maintained between 3 months and 12 months	*The council need to carry out a review of reserves with reference to sector guidance for the levels of general reserves.*	2022/23 follow up – general reserves have reduced but are still in excess of 100% of the precept.		

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	of net operating expenditure (or the precept).				
4	Fixed Assets: No physical inspection of all fixed assets is evidenced for the financial year. Financial Regulations required the following: 14.6. The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets.	*The council must comply with the fixed asset verification requirements of the Financial Regulations (FRs).*	See 2022/23 fixed asset register issue re valuation		
2021/22 interim internal audit					
1	RECURRING ISSUE Testing of the payroll for the financial year to date identified	*When a salary scale point change is authorised by council it must be*	2022/23 follow up – back pay calculations completed by payroll agent and clerk paid.		

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	that as in previous financial years the incorrect salary has continued to be calculated and paid, up to the month where the clerk was correctly paid for 37 hours per week at scale point 29. The council approved scale point 29 in the November 2019 meeting to be applied from April 2020 and the council minutes of 14/11/2018 stated that the clerk's contractual hours would be increased to 28 hours per week. However. this information has not been used to calculate the correct salary for the first half of 2021/22 (or for 2020/21 as we reported previously). A back payment of salary was calculated by the payroll agent in 2021 to attempt to correct previous underpayments, however, the calculation appears to have used the incorrect number of hours and/or the incorrect scale point. Therefore, it is likely the council still has a liability for backpay and any additional tax and NIC due to HMRC.	*reported to the payroll agent including the authorised number of hours an employee is contracted to work so that the correct salary can be calculated by the payroll agent.* *When the payroll agent has produced a payslip that evidences the correct net salary to be paid, the salary payment standing order must be changed to ensure the correct salary is paid.* *The council must carry out a comprehensive review of the salary paid for previous years with reference to the back payment of salary calculated by the payroll agent in 2021 and the further outstanding payroll liability due should be settled, including HMRC tax and NIC liabilities due.*	NB at the year end internal audit we noted documentation showing backpay calculations by the payroll agent to implement the issues noted in our interim IA report. We will review payroll internal controls again at the 2022/23 interim internal audit.		

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2	RECURRING ISSUE There are still no pension deductions as enrolment into a pension scheme is still outstanding.	RECURRING RECOMMENDATION *The council should urgently ensure that statutory responsibilities with regard to Pension Regulator auto enrolment requirements are complied with.*	Recommendation Outstanding		
3	Budget Setting We reviewed the latest spend to date compared to the budgets set for nominal ledger cost centres and identified the following: - The net salary budget for the year of £15,409 is not realistic as it is not based on council resolutions for actual scale point and contracted hours to be paid. The same issue therefore applies to the associated HMRC tax and NIC budgets. - There is no budget for	*The council should ensure that realistic budgets are set by reference to underlying activity and contracts.*	Implemented		

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	expenditure in relation to the HR / Health and Safety support provider even though the fees are predictable from the contract (£3218 spend to date in the nominal ledger).				
4	The Prism invoice for June 2021 of £123.46 does not equal the payment for the supply with cheque number 100044 for £207.57.	*The council should review invoices received from the supplier for the year to date to ensure total payments can be matched with total invoices received for the period.*	Implemented		
2020/21 year end internal audit					
1	**Payroll** Review of the payroll during the year identified the following: - The incorrect scale point had been applied to the clerk salary. Council approved scale point 29 in the November 2019 to be applied from April 2020. However. We were informed the payroll	*When a salary scale point is approved by council it must be reported to the payroll agent. When the payroll agent has produced a payslip that evidences the correct net salary to be paid, the salary payment standing order must be changed to ensure the correct salary is paid.*	See 2021/22 issues above.		

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	agency is currently applying scale point 28. - The Standing Order payment to the clerk of £1100.32 does not agree with the £1140.17 net salary payslips produced by the payroll agency that evidence the net salary to be paid from payroll agency payslips. - The council has been consistently underpaying NIC and PAYE liabilities to HMRC as the amounts remitted are lower than the liabilities calculated by the payroll agent. For example, the September 2020 total liability to HMRC was £508.15 but the total paid to HMRC was £436.77. - There are still no pension deductions as enrolment into a pension scheme is still outstanding.	*The council has appointed a payroll agency, however, their payroll calculations are not being used to make the correct HMRC payments via the bank account. This must be resolved urgently.* *Recurring Recommendation:* *The council should urgently ensure*			

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		that *Statutory responsibilities with regard to Pension Regulator auto enrolment requirements are complied with.*			
2	Review of the prime book of record for the council which is the RBS ledger identified the following: - Payroll agency fees totalling £995 had incorrectly been included in code Salaries Code 4000 101. - A net salary payment of £1100.32 had incorrectly been posted to Office Expenses code 4008 101 Therefore, the staff costs disclosure in the annual return was incorrect due to the above errors. In addition, the calculations by the payroll agent of employers national insurance are not reflected in that code in the ledger. The	*The accounting for payroll costs in the ledger must be improved to ensure complete and accurate accounts are maintained and the correct staff costs disclosure is included in the Annual Return accounts.*	Implemented		

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	payroll agent has calculated a monthly amount of £110.23. however, £144.77 is being posted to the Employers NIC ledger code 4001 101. The incorrect total employee NIC and PAYE monthly payments as calculated by the payroll agent are being posted to ledger code 4002 101. Further review of the nominal ledger by comparison to 2019/20 identified that, in fact, the monthly payments being made to HMRC are the same as in the prior year and therefore have not been adjusted to reflect any changes in salary for 2020/21.				
3	After taking into account £30000 of earmarked reserves, the year end general reserves are still 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).	*The council need to carry out a review of reserves with reference to sector guidance for the levels of general reserves.*	See 2021/22 issues		

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4	The banking provider closed the council current account during the financial year due to an issue with completing a form that was required. Therefore, the council was unable to pay its bills as they fell due for both suppliers and staff costs for a portion of the financial year.	*The council need to ensure that a full record of outstanding liabilities is maintained to ensure all suppliers, staff costs, and HMRC liabilities relating to the period when no current account as available are paid as soon as possible.*	Implemented		
5	There were no confirmation of receipts for the forum £5500 donations to schools paid in the year.	*Signed confirmations of receipt should be secured for all significant donations*	No further donation issues identified in 2021/22 internal audit		
6	Fixed Assets The fixed asset register is unchanged from 2019/20. However, sample testing of invoices identified a fixed asset purchase and installation that was not recorded in the fixed asset register: 21/07/2020 Noticeboards £3,383.10 01/10/2020 Notice Board installation £876.83	*All capital additions must be recorded in the fixed asset register.*	Implemented		
7	The risk assessment does not address the risks of supplier fraud.	*The risk assessment should be updated to include supplier fraud*	Implemented		

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		including the adequacy of supplier onboarding controls.			
8	There are a number of recommendations relating to previous years' audits that have not been implemented.	*The council should implement internal audit recommendations promptly.*	See follow up of prior year issues below		
2019/20 internal audit					
1	After taking into account £20000 of earmarked reserves, the year end general reserves represent approximately 225% 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).	*The council need to carry out a review of reserves with reference to sector guidance for the levels of general reserves.*	See 2020/21 internal audit		
2	The asset register does not contain a column for date of purchase (month and year), therefore, it is difficult to identify in which financial year additions and	*The asset register format should be improved as noted.*	Recommendation Outstanding 2021/22 Follow Up - Implemented		

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	disposals occurred.				
3	The 2018/19 annual return has not been published on the council website as required by section 55 of the Local Government (Democracy) (Wales) Act 2013	*The council should comply with the requirements of the Local Government (Democracy) (Wales) Act 2013*	Implemented		
2019/20 interim internal audit					
1	Further review of payroll to follow up the previous recurring issues was carried out. The minutes of 14/11/2018 state in part B that the clerk hours be increased to 28 hours and awarded an annual increment (but the minutes do not state the scale point nor when the pay rise commences from). Calculations of monthly gross pay and net pay for 2019/20 from this pay rise authorisation did not agree, as was the case in	*RECURRING RECOMMENDATION* *We have previously recommended that where support is needed a payroll agent should be appointed and that this was an urgent consideration for the council. This recommendation has not been actioned* *Our work in 2019/20 shows that payroll support is needed to resolve the ongoing issues of paying the incorrect pay, the incorrect monthly deductions to HMRC, and the*	See 2020/21 issues		

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	previous years. The minutes of 13/11/19 part B states that the clerk is to receive an annual increment from point 28 to 29 from 1 April 2020. (NB these scale rates are the previous national scale rates which have now changed). This is the highest scale point within the scale point range in the contract of employment. We were unable to agree the monthly gross pay used in payroll calculations from April 2020. A payroll agent has been not appointed as we previously recommended. RTI has been submitted for previous years using Earlier Year Updates and to date. The RTI and HMRC submissions we viewed on our first interim visit showed that the employment allowance box had been ticked so no employers NIC was accounted for, even though this allowance is not	*enrolment issues with an appropriate pension scheme.*			

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	available to public authorities. This had been amended and correctly updated to HMRC for our second interim audit visit. The council is paying an amount to HMRC monthly that relates to a historical calculation of £436.77 but this bears no relation to the actual monthly liability per the corrected RTI submissions. Pension scheme enrolment – there are still no pension deductions as enrolment into a pension scheme is still outstanding.				
2	The Christmas lighting contract is in excess of the threshold of £5000 requiring three quotations as per the Financial Regulations. We were informed that three quotations had been sought and a new contract agreed. However, we have not received the evidence for this as yet	*The council should provide the evidence that the Christmas lighting contract has been procured in accordance with the requirements of the Financial Regulations*	Implemented - Evidence of quotations received		
3	The risk assessment approved in May 2019 was an unchanged	*The risk working group should carry out a comprehensive review and*	Implemented		

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	version of the previous risk assessment. A working group has been established to review the risk assessment and a HR firm has been contracted to provide risk assessment support for Health and Safety and HR issues.	*update of the council risk assessment*			
4	The Financial Regulations are dated 2008 and updated model Financial Regulations are available from national local council organisations	*The Financial Regulations (FRs) should be updated using the latest model FRs available*	Recommendation Outstanding 2021/22 Follow Up - implemented as model FRs now adopted		
5	The Financial Regulations (FRs) refer to a Purchase Order (PO) system (section 10.1). However, no PO system is currently in place.	*The council should establish a sequential Purchase Order system as required by the updated Financial Regulations (FRs) and ensure Purchase Orders are signed according to Authority to Spend requirements.*	Recommendation Outstanding		
6	The current account bank reconciliations presented to council in 2019/20 contain the incorrect bank statement date (31/3/2018).	*The statement dates included in the bank reconciliations should be accurate.*	Implemented		
7	The monthly expenditure is	*The RBS ledger cash book payments*	Implemented		

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	provided to members for approval as a typed schedule rather than a direct print of the RBS ledger cash book. As a typed schedule is being reported rather than the prime book of record (the cash book ledger) there is a risk transactions will be omitted or incorrectly recorded when compiling the information.	*should be reported to council for approval so members can be assured they are approving the transactions that have been paid, input into the ledger and reconciled in the bank reconciliation.*			
2018/19 interim internal audit					
1	The staff salary was increased during the year but minutes do record the actual pay scale that should be applied or the date from which the salary increase should be applied. There is no clear information in the payroll file that provides this information. A £50 per month home office allowance ceased during the financial year, presumably due to the commencement of the occupation of the new council offices. However, the income tax	*Minutes should record the actual scale points of staff, the date from which salary changes should be made, and any other changes such as lump sum allowances, when changes are approved to staff costs.* *We have previously recommended that where support is needed a payroll agent should be appointed. Clearly this is now an urgent consideration for the council. The council need to secure expertise as soon as possible to complete outstanding RTI submissions and to ensure PAYE and NI*	See 2019/20 issues		

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	and NIC monthly totals remain unchanged and this change in lump sum allowance was not recorded in the minutes. The only calculations we could identify for payroll costs changes and payroll deductions were on a single sheet of paper produced by the Chair. However, the changes in gross salary that council approved are not recorded on this sheet, or in the payroll file, or the minutes. With this very limited information we attempted to calculate the current gross salary from the council manual calculations and then rework the PAYE and NIC deductions but, for example, we could not agree that the current national insurance deductions were correct. As a result of the above, and the outstanding RTI submissions, we are not able to conclude that salaries have been paid in accordance with Council approvals and that PAYE and NI	*requirements have been properly applied.*			

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	requirements have been properly applied.				
2	Staff costs in the RBS year end ledger summary include internet costs and training.	*The RBS ledger and annual return analysis should be amended and 2017/18 figures restated to remove these payments to 'Other Payments'.*	RBS have since the internal audit amended the year end accounts to exclude internet/IT costs from staff costs.		
3	The risk assessment was not updated, reviewed and approved by full council during 2018/19.	*Risk assessment should be updated and approved by council each financial year. The approval by council should be recorded in a council minute.*	A risk assessment was approved in May 2019		
4	The minutes in 2018/19 that record the 2019/20 precept request are ambiguous as they state 'a recorded vote was called …….to present a 0% precept increase to Flintshire County Council'. In actual fact it is the band D amount that has not changed, the actual precept in 2019/20 will increase.	*The minutes should state clearly the total precept request to the principal council in future.*	Implemented		
5	The council website annual accounts for 2016/17 and 2017/18 were not accessible at the date of the year end internal audit.	*Council should ensure the information required to be published by the Local Government (Democracy) (Wales) Act 2013 is accessible on the council website.*	Implemented		

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6	See also 2018/19 interim audit issues below and outstanding recommendations from earlier financial years				
2018/19 interim internal audit					
1	No budgetary control information had been presented to council up to the date of the interim internal audit on February 27th 2019. The clerk has stated that budgetary control information for the year to December 31st will be presented to the March council meeting.	*Regular budgetary control reports should be provided to council.*	Training has been provided to the clerk by RBS. We would expect regular budgetary control reporting to council in 2019/20. 2019/20 Follow Up: IMPLEMENTED – monthly budgetary control reports have been presented to the council since our last report		
2	Review of ledger expenditure against annual budget identified the following: Townscape – total expenditure to date of £250 against a budget of £6000 Matched Funding - £0 spend against a budget of £3600 S137 grants - £0 spend against a budget of £5714 Street furniture - £0 spend against a budget of £2250	*Unless substantial expenditure is programmed in the final quarter there will be a material underspend in 2018/19 against the overall budget. This situation could be partly due to the absence of any budgetary control information presented to council up to the date of the interim audit in February 2019. Therefore, the level of reserves will continue to increase. Council need to review the level of reserves and allocate earmarked funds for any identified schemes.*	Year end position – general reserves have increased to £195943. Council have not carried out a review of reserves as yet.		

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	ISSUE	RECOMMENDATION	FOLLOW UP	RAG	Comments/Actions from F&GP Committee
3	RECURRING ISSUE HMRC Real Time Information payroll submissions have not been made for the financial year to date. No information was presented for internal audit to evidence that statutory responsibilities with regard to the Pension Regulator auto enrolment have been complied with. The clerk stated that an approved pension provider was currently being identified	*HMRC payroll requirements for RTI submissions must be complied with. If the council determine that support is needed to comply then the services of a payroll agent should be urgently secured.* *The council should urgently ensure that* *Statutory responsibilities with regard to Pension Regulator auto enrolment requirements are complied with.*	Year end position – RTI submissions and pension compliance still outstanding. No payroll agent has been appointed. See 2019/20 issues		
4	Although cumulative bank reconciliations had been produced and presented to council covering September, October and November 2019, these reconciliations were out of balance. Members should have challenged the information presented as the reconciliations were incorrect. Training was received by the clerk in February 2019 and the trainer also corrected	*Complete and accurate bank reconciliations should be provided to council for approval monthly* *Members should challenge reconciliations which are out of balance*	Training has been provided to the clerk by RBS. We would expect monthly bank reconciliations to be completed and reported to council in 2019/20. 2019/20 Follow Up: IMPLEMENTED – monthly bank reconciliations have been presented to the council since our last report		

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	errors in the 9 months' RBS postings to ensure a balanced cumulative bank reconciliation was produced for the 9 months to 31/12/19.				
5	RECURRING ISSUE The input VAT on purchases for 2016/17 of £3714.15 has not been reclaimed. The VAT inputs for 2017/18 of £3618.99 have not been reclaimed. No VAT relating to 2018/19 has been reclaimed	*A VAT126 reclaim for the 2016/17, 2017/18, and 2018/19 VAT refunds due should be submitted to HMRC promptly as there are statutory time limits to reclaim.*	Year end position - A VAT reclaim for 2016/17 and 2017/18 has now been submitted, RBS provided the information from the ledger for the reclaim. 2019/20 follow up – IMPLEMENTED the VAT reclaims from 2016/17 to 2018/19 have been submitted and received		
5	There is no evidence to demonstrate that the council have authorised all the Direct Debits paid in the year.	*The council need to retrospectively authorise all Direct Debits and in future all Direct Debit payments should be included in the list provided to council for authorisation*	Year end position – the system has now changed so that Direct Debits are listed with cheque payments for approval by council and this approval will be minuted		
6	The November salary for the clerk had been incorrectly posted to the Employers NI account in the RBS ledger	*The salary error should be corrected to Account code 4000.*	Noted		
7	We were unable to agree all Prism entries in the ledger to VAT invoices.	*VAT invoices should be secured for all the payments to PRISM in the financial year*	2019/20 follow up – PRISM invoices now maintained in purchase invoice file.		
8	We were unable to locate the	*The clerk has noted that a number of*	2019/20 follow up – IMPLEMENTED. All invoices in		

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	following invoices/vouchers to support the ledger payment: - 14/5/18 chq 102790 to PRISM for £1121.84 - 27/12/18 DD £102.88 for business development - 13/9/18 chq102821 £34.65 for travel expenses - 10/4/18 chq102778 £725 for Saltney Ferry Transport - 1/4/18 chq 102772 £2282 Summer Playscheme - 1/4/18 chq 102773 £1200 Summer Activity Programme - 19/4/18 Allotment rent chq 102774 £100 - 1/4/18 chq 102777 £316.05 Lighting Maintenance	*the April 2018 dated invoices may be included in the audit records held by the Wales Audit Office and will request copies.* *The council should secure invoices /vouchers for the payments. In future invoices should be secured for all payments and filed sequentially in cheque number order. The cheque number should also be recorded against payments listed in the minutes to improve the audit trail.*	the interim audit sample were located in the invoice file.		
9	We were unable to agree the following payments to authorisation in the minutes: - 1/4/18 chq 102772 £2282 Summer Playscheme - 1/4/18 chq 102773 £1200 Summer Activity	*All payments should be approved in the minutes. The council should retrospectively authorise these payments in the March 2019 meeting.*	Year end position – the clerk has now provided the minutes that evidence approval of these payments.		

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	Programme - 19/4/18 Allotment rent chq 102774 £100				
2017/18 audit					
1	From May 2017 until the end of March 2018 one of the two cheque signatories for the current account cheques was an ex-councillor. This is a breach of the council Financial Regulations and Standing Orders of the council. The issue was resolved from April 2018, however, only two current councillors are listed as signatories.	*The Annual Return internal audit certificate has been qualified for breaches of proper practice and breaches of the Financial Regulations and Standing Orders of the council.* *The council should only use current councillors as signatories to cheques.* *Additional members should be included as signatories as it would assist the clerk with ensuring there are always 2 signatories available for signing cheques.*	Implemented		
2	RECURRING ISSUES HMRC Real Time Information payroll submissions and year end payroll submissions had not been been made for the entire financial year. Both internal and external	*HMRC payroll requirements for RTI submissions must be complied with. If the council determine that support is needed to comply then the services of a payroll agent should be urgently*	Recommendation outstanding – although payroll taxes have been remitted to HMRC the RTI issues have not been resolved. See 2018/19 and 2019/20 issues. 2020/21 follow up RTI issues are now resolved		

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	audit raised this issue in 2016/17 and it has not been addressed. No information was presented for internal audit to evidence that statutory responsibilities with regard to the Pension Regulator auto enrolment have been complied with. The clerk has a salary in excess of the pension threshold for auto enrolment.	*secured.* *The council should urgently ensure that* *Statutory responsibilities with regard to Pension Regulator auto enrolment requirements are complied with.*	See 2021/22 issues Recommendation outstanding		
3	For the second year in succession, the RFO had not certified section one of the Annual Return by the June 30th statutory deadline. Therefore, the council were again unable to approve section one of the Annual Return by the same June 30th statutory deadline. The council has therefore breached regulation 15 of the Accounts and Audit (Wales) Regulations 2014.	*The council must ensure it complies with* *the June 30th statutory deadlines per the Accounts and Audit (Wales) Regulations 2014*	Implemented		
4	The CCLA account statements are still sent to the former clerk.	*The registered individuals with the CCLA should be amended to reflect the current clerk and councillors to*	Partially Implemented - statements are now sent to council offices but account signatories are not up to date.		

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	RECURRING ISSUE: In 2015/16 (and 2016/17) the external auditor reported that CCLA deposits are investments rather than deposits and should be included in fixed assets. The adjustments to reflect this have not been carried out by the council and we understand guidance in Wales may be updated to align with England where CCLA deposits are required to be classified as cash and bank deposits.	*ensure up to date statements are not sent to former employees* *If, after completion of the 2017/18 audit, the external auditor requires the CCLA to be disclosed as fixed assets for 2016/17 and 2017/18 then the accounts will have to be amended and 2016/17 restated.*	2018/19 follow up – signatories are being updated, Council is awaiting external audit guidance re treatment of the CCLA deposit account		
5	RECURRING ISSUE As the council has previously included CCLA in cash and bank balances instead of fixed assets we have tested the CCLA year end bank reconciliation. The CCLA bank reconciliation, and therefore total receipts in the accounts, is incorrect. None of the dividends received through the CCLA investment have been posted to the RBS ledger or	*The external auditor may require this error to be corrected. In future all CCLA dividends should be posted into the RBS system for the financial year to which they relate.* *A copy of the bank statement that*	Council is awaiting external audit guidance re treatment of the CCLA deposit account 2018/19 follow up - implemented		

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	included in the accounts since 2016. The total dividends not included up to the end of 2016/17 was £369 (rounded) and further monthly dividends have been received in 2017/18. Therefore, the accounts show the year end CCLA balances as the 2015/16 £100896.88 whereas the correct figure should be £101494.59 (balance as at 28/2/18) plus the March dividend. The bank statement to verify the year end CCLA balance was not on file.	*evidences the year end CCLA balances should be secured.*			
6	No budgetary control information has been reported to council for the entire financial year. The agreed budget to support the 2017/18 precept had not been updated into the RBS ledger to enable budgetary reporting information to be provided during the financial year.	*Training is needed for the clerk to ensure the RBS ledger system can be populated with agreed budgets and then used to produce monthly budget monitoring reports.* *Regular budgetary control information must be presented to council in 2018/19.*	Training was received by the clerk in February 2019. Recommendation outstanding – no budgetary control information had been presented to council up to the date of the interim internal audit on February 27th 2019 2019/20 follow up - implemented Recurring Issue		

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	Year end reserves are approximately 216% 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). The working papers provided for audit did not identify any earmarked reserves. Previously reserves have been earmarked for a potential asset transfer but the council have withdrawn their interest.	*The council need to carry out a review of reserves and determine if sums are to be earmarked for other community improvement schemes. The council could also establish a medium term community improvement plan financed by earmarked reserves. If no earmarked schemes are identified the level of the precept should be reviewed.*			
7	No bank reconciliations had been produced during the financial year and reported to council and the RBS ledger had not been accurately maintained during the financial year. The year end reconciliations provided for the internal audit were incorrect and RBS accounting support had to be requested to provide complete and accurate reconciliations to enable the internal audit to proceed.	*The RBS cash book ledger should be updated on a regular basis and bank reconciliations should be carried out monthly and reported to council.* *The clerk needs to secure training in the correct use of the RBS accounting package.*	Cumulative bank reconciliations had been produced and presented to council covering September, October and November 2019, but these reconciliations were out of balance. Members should have challenged the information presented as the reconciliations were incorrect. Training was received by the clerk in February 2019 and the trainer also corrected errors in the 9 months' RBS postings to ensure a balanced cumulative bank reconciliation was produced for the 9 months to 31/12/19. 2019/20 follow up – bank reconciliations now being presented to council monthly		

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8	RECURRING ISSUE The input VAT on purchases for 2016/17 of £3714.15 has not been reclaimed. The VAT inputs for 2017/18 of £3618.99 have not been reclaimed.	*A VAT126 reclaim for the 2016/17 and 2017/18 VAT refunds due should be submitted to HMRC promptly as there are statutory time limits to reclaim.*	2018/19 follow up - implemented		
9	We were unable to agree the following payments to supporting invoices or signed confirmations of receipts for donations: • £28.5 Deeside lodge cheque number 102700 • £28.5 Deeside lodge cheque number 102703 • £28.5 Deeside lodge cheque number 102712 • £90 One Voice Wales cheque number 102715 • £2100 Deva Boxing cheque number 102716 • £918.8 Victoria Road Allotments cheque number 102717 • £612 Vision ICT cheque	*Invoices should be retained for all supplies and signed confirmations of receipt secured for donations*	The clerk has now secured the Vision ICT invoice for £612 so the VAT can be reclaimed. The clerk noted that a number of these items relate to grants and donations and that a template confirmation of receipt will be developed.		

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	number 102727 (email on file but no invoice) • £120 Mark Jones Disco cheque number 102737 • £75 Chester Heritage Bus Tours cheque number 102738 • £150 Deeside Round Table cheque number 102739 • £180 Jason Shallcross cheque number 102751 • £1660 Saltney Memory Café Grant cheque number 102771				
10	We were unable to agree the following payments to supporting authorisation in the minutes: • £5 Flintshire County Council chq 102684 • £628.56 RBS software solutions chq 102682 • All £ payments for the financial year to Prism Solutions Ltd • £317.58 HMRC chq 102699 • £316.05 FCC chq 102704	*All payments should be approved in the minutes*	See 2018/19 interim audit testing		

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	• £78.75 Veronica Gay chq 102726				
11	£6045.77 of income received as a Scottish Power Energy rebate had been posted to a contingency expenditure account ((n/l code 4501) as a Credit, and further review of this account identified mis-posting of mayors charity payments as follows: • £45 Eaton hall charity event • £25 poppy wreath • £70 Lord Mayors Charity Dinner • £70 Chairmans Charity dinner • £35 ICO registration fee	*The income of £6045.77 relates to a previous service provider and therefore the external auditor may require this to be posted to income in the annual return rather than set off against expenditure.* *The mis-postings noted should be posted to the correct nominal ledger codes and the Contingency code cleared to zero.*	To be followed up at 2018/19 year end audit. 2018/19 follow up – council are awaiting completion of external audit 2019/20 follow up - Not implemented as members allowances are now posted to the Contingency Code		
12	We were unable to agree the street lighting provision from FCC to a signed Service Level Agreement or contract.	*The council should secure a signed contract for the annual provision of street lighting services by FCC.*	Recommendation Outstanding 2020/21 follow up – a draft SLA has been received from Flintshire County Council.		
13	The Christmas lighting contract is in excess of the threshold of £5000	*The council should identify the agreed term of this contract and ensure three*	The contract expires this financial year so clerk has stated that three quotations will be secured for the new		

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	requiring three quotations as per the Financial Regulations.	*quotations are sought for the supply when the contract is renewed.*	contract. See 2019/20 issues		
2016/17 audit					
1	No information was presented for audit to evidence that: - HMRC RTI and year end payroll submissions had been made for the entire financial year. - statutory responsibilities with regard to the Pension Regulator auto enrolment have been complied with. The current clerk has salary in excess of the pension threshold for which auto enrolment is a requirement	*The council should urgently ensure that:* - *HMRC payroll requirements for RTI in-year end year end submissions are complied with.* - *Pension Regulator auto enrolment requirements are complied with*	Outstanding - see 2017/18 issues		
2	**Recurring Issue – Fixed Assets** Capital additions during 2016/17 had not been updated into the asset	*The fixed asset register should be updated before completion of the*	Fixed Asset Register now amended to include 2016/17 additions		

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	register. We identified the following capital additions (net of VAT) through testing of a purchase invoices: - Community safety camera cost £3256 - Dell Latitude cost £762.22 - HP laserjet printer cost £212.29 The fixed asset register does not include the date of acquisition of disposal of assets In 2015/16 the external auditor reported that CCLA deposits are investments rather than deposits and should be included in fixed assets. The adjustments to reflect this have not been carried out by the council and we understand guidance in Wales may be updated to align with England where CCLA deposits are required to be classified as cash and bank deposits.	*annual return accounts. All additions (and disposals) should be updated into the asset register in future* *The format of the asset register should be improved to include dates of acquisition and disposal* *If, after completion of the 2016/17 audit, the external auditor requires the CCLA to be disclosed as fixed assets for 2016/17 and 2015/16 then the accounts will have to be amended and 2015/16 restated.*			
3	The CCLA bank reconciliation,	*The external auditor may require this*	Recommendation Outstanding		

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	and therefore total receipts in the accounts, is incorrect. None of the dividends received through the CCLA investment have been posted to the RBS ledger or included in the accounts. The total dividends not included = £369 (rounded). Therefore, the accounts show the year end CCLA balances as £100896.88 whereas the correct figure should be £101265.41. The bank statement to verify the year end current account balance could not be located.	*error to be corrected. In future all CCLA dividends should be posted into the RBS system for the financial year to which they relate.* *A copy of the bank statement that evidences the year end balances should be secured from the bank*			
4	The input VAT on purchases for 2016/17 of £3714.15 has not been reclaimed.	*A VAT126 reclaim for the 2016/17 VAT refund due should be submitted to HMRC*	2018/19 follow up - implemented		

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