



Bridgnorth Town Council

Internal Audit 2021/22

First Interim Report

JDH BUSINESS SERVICES LTD

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



INTERNAL AUDIT REPORT BRIDGNORTH TOWN COUNCIL

The internal audit of Bridgnorth 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

	ISSUE	RECOMMENDATION	FOLLOW UP
1	The streetlighting contract was extended in the current year without authorisation by the council.	<i>The council should approve all significant contract extensions after consideration of the option of market testing the contract.</i>	12/01/2022 – The tending process has begun by the Outdoor & Property Manager
2	The Sunday market is managed by a third party whereby they notify the council of trading dates and collect and remit monies to the council from market traders. We have not been provided with a formal agreement for this arrangement including the internal controls to ensure the completeness and accuracy of income collected.	<i>The council should review this informal arrangement and establish appropriate formal robust internal controls to ensure completeness of collection and recording of income including ensuring all income collected is reconciled to the number of market lets and prices.</i>	14/01/2022 – Contact has been made with the person who runs the Sunday market for clarification on number of stalls etc. A formal agreement is too be produced
2020/21 year end internal audit report			
1	Testing of the detailed list of accruals identified that a significant element did not relate to goods and services received by the council in 2020/21. Therefore, the accounts have been adjusted to remove these invalid accruals and include them instead in earmarked year end reserves.	<i>Year end procedures should be improved to ensure accruals included in the council balance sheet are completely and accurately stated.</i>	To be followed up at 2021/22 year end internal audit