

**INTERNAL AUDIT REPORT – YEAR END
NESTON TOWN COUNCIL
2025/2026**

The internal audit of Neston Town Council was carried out by undertaking the following tests as specified on the 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

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, subject to the recommendations reported in the action plan overleaf.

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	<u>2025/2026 Year end audit – review of final accounts</u> We are pleased to note no issues arising from the year end audit.		
2025/26 interim audit recommendations			
1	The Council carry out a number of periodic internal control checks but do not include income sampling.	<i>The periodic checks carried out by members should include income sampling. The sample items should be agreed to price lists and VAT classification.</i>	To be followed up in 2026/27
2	The IT contract exceeds £5000 but is not included in the ‘Expenditure over £5,000’ page of the website. The Transparency Code requires that councils publish details of any contract, commissioned activity, purchase order, framework agreement and any other legally enforceable agreement with a value that exceeds £5,000.	<i>The Council must meet the requirements of the Transparency Code.</i>	Implemented

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2024/25 year-end internal audit recommendations			
1	<u>2024/2025 Year end audit – review of final accounts</u> We are pleased to note no issues arising from the year end audit.		
2024/25 interim audit recommendations			
1	The contract for the provision and maintenance of floral arrangements was awarded in 2022 for the period 1/10/22 – 30/9/25. The Council minutes record that the contract has been extended with the current contractors from 1/10/25 – 30/9/27 at a total cost of £52,819.20 plus VAT. The contract has been extended without a formal tender process as required by the financial regulations.	<i>Contracts must be awarded as per the financial regulations of the Council.</i>	Evidence has been provided that the contract was awarded for three years with an option to extend for a further two years until 2027 and has been awarded as per the financial regulations of the Council.
2	The Council carry out a number of periodic internal control checks as follows: <ul style="list-style-type: none">• Rates of pay in April and October• Bi-monthly checks of payments to	<i>The internal control checks carried out by members should be carried out periodically to ensure that any issues identified can be resolved on a timely basis.</i>	Implemented – the internal control checks of payroll and payments have been carried out periodically in 25/26

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	invoices and bank statements. In 2024/25 the checks have all taken place in February 2025 rather than periodically during the year.		
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