

## Internal Audit Report

### Law & Corporate Services / Democratic and Member Services

#### Audit Review: Mayor's Charity Accounts 2023/24

Status – FINAL – January 2025

#### Distribution

##### For action:

- Karen Fox – Principal Civic & Electoral Services Officer
- Kris Cureton – Civic and Electoral Services Manager

##### For information

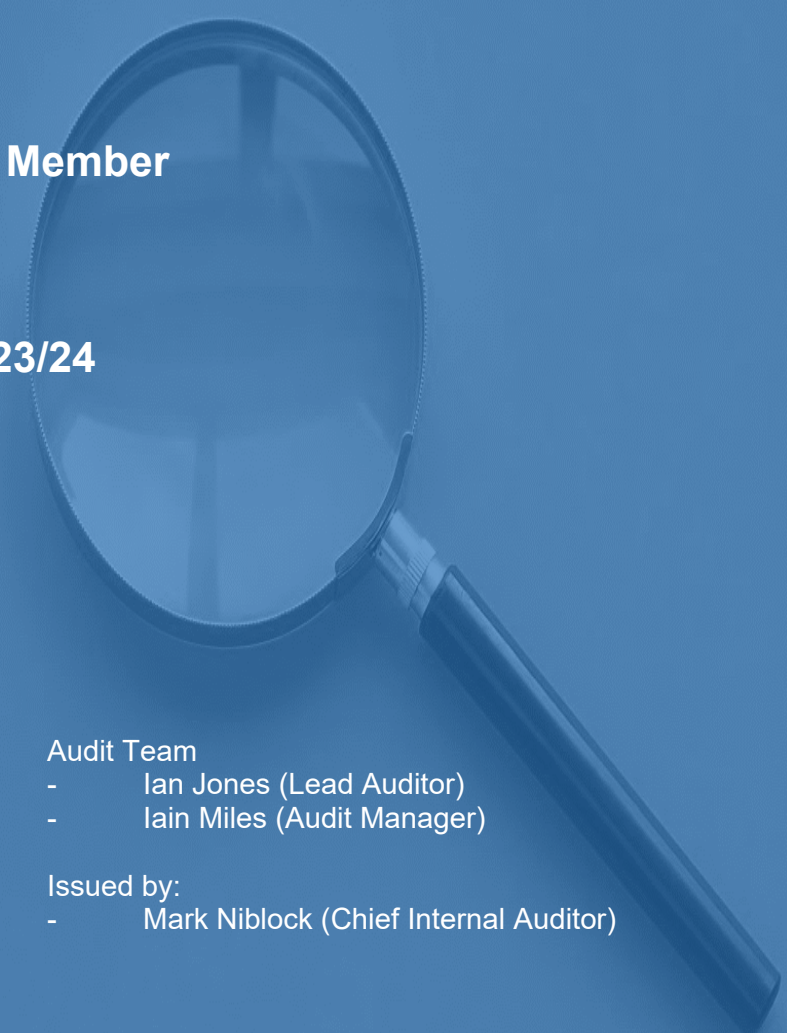
- Steve Fox – AD Governance & Corporate Support
- Vicki Shaw – Head of Legal Services
- Jill Travers – Director of Law and Corporate Services

##### Audit Team

- Ian Jones (Lead Auditor)
- Iain Miles (Audit Manager)

##### Issued by:

- Mark Niblock (Chief Internal Auditor)



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## Limitations & Responsibilities

The matters raised in this report were identified during the course of the audit fieldwork and are not necessarily a comprehensive statement of all weaknesses that exist or all improvements that might be made.

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems. The work performed by Internal Audit may not be relied upon to identify all system weaknesses that may exist. Neither should Internal Audit be relied upon to identify all circumstances of fraud or irregularity, should there be any, although our audit procedures are designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of control may not be proof against collusive fraud. Internal Audit procedures are designed to focus on areas that are considered to be of greatest risk and significance.

## Public Sector Internal Audit Standards

Internal Audit work is designed to comply with the Public Sector Internal Audit Standards 2017. The Public Sector Internal Audit Standards provide a coherent and consistent Internal Audit Standards Framework for the whole of the Public Sector, and Internal Audit providers are required to demonstrate compliance via a structured mandatory mechanism of external assessment. Wirral Internal Audit Services were assessed in 2019 and were adjudged to be fully compliant in all areas.

# Executive Summary

- 1.1 An independent examination of the Mayor's Charity Account for 2023/24 has been undertaken in accordance with the requirements of the Charities Act 2011.
- 1.2 The examination of the accounts consisted of a:
  - Review of the accounting records.
  - Comparison of the accounts presented with those records.
  - A review of the accounts and consideration of any unusual items or disclosures identified.
- 1.3 Following the examination of the Charity's accounts an unqualified opinion can be provided for inclusion in the Wirral Mayor's Charity Statement of Accounts 2023/24- see Appendix 2.
- 1.4 The Council is now the sole Corporate Trustee of the Charity, with the trustee role being exercised through the Charitable Trusts sub-committee, as recommended by the Charity Commission.
- 1.5 During this year, initiatives have also been progressed:
  - To maximise money available, the monthly lottery prizes on offer have been reviewed, and now total £1,000 a month as opposed to £1,250. The accounts show a surplus on the lottery of £2,994 for 2023/24 compared to £851 in the previous year.
  - To ensure that donations from the Mayor are received in a timely manner, and to increase financial control, the Bankers' Automated Clearing System (BACS) payments been used.
- 1.6 At the time of writing this report, we have not been able to confirm receipt from one charity who received a donation from the Mayor after the year-end, as detailed in paragraph 4.8. To aid this process in the future, we have recommended that a letter is sent to those receiving money requesting that they return a tear off strip to the Mayor via the Civic & Electoral Services Officer acknowledging receipt of the donation.

## Overview of recommendations

- 1.7 The audit report includes **One** recommendation, which can be summarised as follows:

Priority Level	Number of Recommendations
High	NIL
Medium	One

Low	NIL
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## Organisational Risk Rating

Organisational Risk Rating		Definition
Major		The likelihood/impact of the risks identified during the review, should these materialise, would leave the Council open to a major risk of a fundamental or material nature. This opinion suggests that there are some potentially serious weaknesses in the design and/or operation of the control environment that may have a significant impact on the achievement of systems and/or corporate objectives if not addressed
Moderate		The likelihood/impact of the risks identified during the review, should these materialise, would leave the Council open to a moderate risk of a fundamental or material nature. This opinion suggests that there are some weaknesses in the design and/or operation of the control environment that may have varying degrees of impact on the achievement of systems and/or corporate objectives
Minor	X	The likelihood/impact of the risks identified during the review, should they materialise, would leave the Council open to minor non fundamental or material risk
Negligible		No weaknesses identified during the audit review and that the Council is not exposed to any risks directly associated with the findings

## Introduction

- 2.1 An independent examination of the Mayor's Charity Account for 2023/24 has been undertaken in accordance with the requirements of the Charities Act 2011. This review was undertaken as part of the Internal Audit Plan approved by the Audit and Risk Management Committee. It will contribute to the overall opinion on the strength of internal control within the Council, which is reported on by the Chief Internal Auditor as part of the Internal Audit Annual Report
- 2.2 The audit is part of planned work and forms part of the Charity's submission to the Charities Commission when filing their annual accounts.
- 2.3 This report has been discussed with Kris Cureton, Electoral and Civic Services Manager and Karen Fox – Principal Civic & Electoral Services Officer. The report has also been shared with Steve Fox, AD Governance and Corporate Support, Vicki Shaw, Head of Legal Services, and Jill Travers, Director of Law and Corporate Services.

## Audit Objectives and Scope

- 3.1 The objective of the audit was to undertake the independent examination of the Mayor's Charity Account for 2023/24, in accordance with the requirements of the Charities Act 2011.
- 3.2 The scope of the audit is as per the Charities Commission Independent Examiner's checklist form (CC32a) which requires an independent examination and sign-off of the Charity's accounts.
- 3.3 The examination of the accounts consisted of a:
  - Review of the accounting records
  - Comparison of the accounts presented with those records
  - A review of the accounts and consideration of any unusual items or disclosures identified.

## Findings, Observations and Recommendations

- 4.1 The year-end for the Mayor's Charity Account was 14 May 2024. This year's fundraising has occurred through such activities as donation collections, entries for the Mayor's Lottery, the Charity Ball, the annual Tea Dance and receipt of donations from a Santa Dash during the year.
- 4.2 As in previous years, the accounts have been prepared from the cashbook and agreed to the underlying bank statements. We have undertaken an analytical review to consider the reasons for variances year on year – this has again been undertaken at the more detailed trial balance level rather than summary type of income and expenditure. We have also sought to gain independent assurances from third parties for significant donations received or paid out and have again received assurances from charity staff concerning procedures in place.
- 4.3 This report reflects the findings and recommendations from the independent examination of the Mayor's Charity Account for 2023/24. The report has been agreed with Kris Cureton, Electoral and Civic Services Manager and Karen Fox – Principal Civic & Electoral Services Officer. The report has also been shared with Steve Fox, AD Governance and Corporate Support, Vicki Shaw, Head of Legal Services, and Jill Travers, Director of Law and Corporate Services.
- 4.4 The Cashbook included items that were paid and received after the year end (14 May 2024), and it should be ensured that these items are captured in next year's account, as was similarly undertaken for this year's account.

4.5 As in previous years, officers from the Finance team have produced an annual report and formalised set of accounts prior to Internal Audit's independent examination. This shows separation of duties between the cashbook, the preparation of the accounts and the independent examination of those accounts. The continued involvement of Finance and Legal officers helps to mitigate the potential inherent risk with all small charities of over-reliance on a small number of officers / volunteers to handle the charity's accounts and finances.

Items from this year's audit:

4.6 We were unable to verify receipt of one donation to the Charity from Oxton Society Xmas Lights for an amount of £100.

4.7 Officers reviewed the operation of the lottery by reviewing the monthly prizes on offer during the year, offering a total monthly prize pot of £1,000 instead of the previous £1,250 from October 2023 onwards. This allowed the Council lottery to raise a surplus of £2,994 for 2023/24 compared to £851 in the previous year

4.8 The 2023/24 Mayor dispersed his donation payments post year end; these are included in this account as Events After the Reporting Period. At the time of writing this report, we have not been able to confirm receipt of one donation made of £500 to Woodchurch Juniors.

4.9 We had trouble confirming receipt from the charities that they had received the monies from the Mayor. To aid this process in the future, we recommend that a letter is sent to those receiving money requesting that they return a tear off strip to the Mayor via the Civic & Electoral Services Officer acknowledging receipt of the donation.

4.10 During this year, payments were made using the BACS payment system as this is deemed to be more secure form of payment than issuing a cheque and waiting for the payee to bank the cheque. With BACS, the payment will show instantaneously within both accounts.

4.11 The Charity Commission guidance requires Charity Trustees to undertake an annual review of the charity's internal financial controls. As the Council is the sole Corporate Trustee of the Charity, the trustee role is exercised through the Charitable Trust's sub-committee and their work programme should include an annual review of the charity's internal financial controls. This is undertaken during their annual committee meeting to agree the accounts for submission to the Charity Commission. The charity's internal financial controls are reviewed every 6 months with the Council's legal department and the Civic Manager.

4.12 Following the review, the following table sets out the issues identified and our recommendations.

Ref	Risk and Potential Implications	Finding	Recommendation	Priority Level
4.13	Without acknowledgment of receipt of the Mayor's donation, it is difficult to ascertain that the monies have been received by the correct recipient.	As in previous years, we had trouble confirming receipt from the charities that they had received the monies from the Mayor.	Consideration should be given to sending a letter to those receiving money by way of a donation from the Mayor's charity requesting that they return a tear off strip to the Mayor via the Civic & Electoral Services Officer acknowledging receipt of the donation.	<b>MEDIUM</b>

## Next Steps

- 5.1 Please complete the Action Plan and return to **Ian Jones**. Please consider whether any of the risks highlighted in this report need to be reflected in the department's risk register.
- 5.2 Progress in implementing the recommendations will be kept under regular review in line with the agreed action plan timescales and reported regularly to the relevant Departmental Management Team and the Senior Leadership Team through the Power BI reporting framework.
- 5.3 Your feedback is very important to us. Please complete the Customer Feedback request included at the end of the action plan and return this with your completed action plan. We may contact you to discuss this feedback.
- 5.4 The Chief Internal Auditor (CIA) provides a regular update on internal audit activity to the Audit and Risk Management Committee. Key issues arising from this review or in respect of delays in implementing the recommendations will be considered for inclusion in the CIA's report.
- 5.5 Thank you for your help and co-operation during the audit. Please contact **Ian Jones** if you wish to discuss the report further.

## Management Action Plan and Feedback

<u>Key: Recommendation Priority Levels</u>		
HIGH	MEDIUM	LOW
A matter that is fundamental to the control environment for the specific area under review. The matter may cause a system objective not to be met. This needs to be addressed as a matter of urgency (suggested timescale: within one month).	A matter that is significant to the control environment for the specific area under review. The matter may threaten the achievement of a system objective.	A matter that requires attention and would improve the control environment for the specific area under review. The matter may impact on the achievement of a system objective.

Ref	Recommendation	Priority Level	Agreed Y/N	Plan for Implementation	Expected Implementation Date	Role of Responsible Officer
6.1	Consideration should be given to sending a letter to those receiving money by way of a donation from the Mayor's charity requesting that they return a tear off strip to the Mayor via the Civic & Electoral Services Officer acknowledging receipt of the donation.	<b>MEDIUM</b>	Y	Payment by Bacs will be made to the charities the day before the presentation. When they arrive at the presentation they will be asked to sign to confirm that they have received the donation amount.	<b>Immediate</b>	<b>Civic &amp; Electoral Services Manager</b>



How satisfied were you with the overall service received from Internal Audit? (please ✓ to indicate)							
Very satisfied	✓	Satisfied		Dissatisfied		Very Dissatisfied	
Please provide any additional comments:							
Exceptional service and communication throughout the process.							

If you would like to discuss any aspect of this audit, please contact the Chief Internal Auditor.

Completed by: Kris Cureton      Signed: *K Cureton*      Date: 28.01.2025

## Recommendations from Previous Audit

## Appendix 1

Ref	Recommendation	Priority Level	Agreed Y/N	Plan for Implementation	Expected Implementation Date	Role of Responsible Officer
6.1	Receipts for all expenditure should be requested and retained in all cases.	<b>MEDIUM</b>	Yes	All receipts are now scanned and retained in the folder relevant to the event. This will prevent the omission / loss of receipts for future years' accounts.	In place from August 2023	Civic & Electoral Services Manager
6.2	To maximise money raised, consideration could be given to reviewing the monthly prizes on offer.	<b>MEDIUM</b>	Yes	The monthly prize structure for the lottery was changed in September 2023. The total prize fund per month was reduced from £1250 to £1000. The new maximum figure is split as 1 <sup>st</sup> prize £700, 2 <sup>nd</sup> prize £200, and 3 <sup>rd</sup> prize £100. Legal have checked and agreed the new structure and all participants were contacted to advise what the new prize structure would be from September 2023.	Implemented September 2023	Civic & Electoral Services Manager
6.3	The work programme for the Charitable Trusts sub-committee should include an annual review of the charity's internal financial controls	<b>MEDIUM</b>		The charity's internal financial controls are reviewed every 6 months with the Council's legal department and the Civic Manager. The bank statements are analysed every month and the information categorised and recorded in the internal charity account ledgers held by the Civic Team.	In place	Civic & Electoral Services Manager

## 8. Independent Examiner's Report

## Appendix 2

I report to the trustees on my examination of the accounts of The Wirral Mayor's Charity (the Charity) for the year ended 14 May 2024.

### Responsibilities and basis of report

As the Charity's trustees, you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Charity's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

### Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Charity as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Iain Miles, CIPFA

Internal Audit Manager, Wirral Council.

January 2025