



Community Development Services

**Internal Audit Report
Wetherby Town Council and Wetherby Town Hall Charity
Date: June 2021 (End of Year)**

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Internal Audit: FAQ's

Why does the Council need an Internal Audit?

The Council is required by section 5(1) of the Accounts and Audit Regulations 2015 to '***undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance***'

What is the aim of the Internal Auditor?

To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

The Auditor will review and report to the Council on whether its systems of financial and other internal controls over its activities and operating procedures are effective.

What are the important factors in your choice of Internal Auditor?

Your auditor must be independent of the financial management of the authority.

Your auditor must be competent and suitably qualified to carry out the role in a way that meets the business needs of the Council.

Is the Internal Audit linked to the External Audit?

Yes. The annual External Audit return asks the Council to confirm the following:

'We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems'

In order to give an affirmative response to the above statement an internal audit has to have been carried out.

Where can I find out more about Internal Audit?

You can find more detail in the publication called 'Governance and Accountability for Smaller Authorities in England' (web link below)

www.nalc.gov.uk/jpag

Scope and Remit of this Report

Angle Community Development Services have been commissioned to undertake Internal Audit services on behalf of Wetherby Town Council and Wetherby Town Hall Charity. The internal audit services commissioned will consist of an annual interim and end of year audit and subsequent report following each audit. This is our 4th audit of Wetherby Town Council. This is the end of year audit report for the 2020/2021 financial year in response to our visit to the Council offices on the 11th May 2021.

It should be noted that whilst I have inspected and considered a broad range of the Councils records, accounts, policies and documentation I do not give any warranties that there are no matters of actual risk or potential harm to the Council.

Assurance Level Definitions

High 	Substantial 
<p>Our critical review or assessment on the activity gives us a high level of confidence on service delivery arrangements, management of risks, and the operation of controls and / or performance.</p> <p>The risk of the activity not achieving its objectives or outcomes is low. Controls have been evaluated as adequate, appropriate and are operating effectively.</p>	<p>Our critical review or assessment on the activity gives us a substantial level of confidence (assurance) on service delivery arrangements, management of risks, and operation of controls and / or performance.</p> <p>There are some improvements needed in the application of controls to manage risks. However, the controls have been evaluated as adequate, appropriate and operating sufficiently so that the risk of the activity not achieving its objectives is medium to low.</p>
Limited 	Low 
<p>Our critical review or assessment on the activity gives us a limited level of confidence on service delivery arrangements, management of risks, and operation of controls and / or performance.</p> <p>The controls to manage the key risks were found not always to be operating or are inadequate. Therefore, the controls evaluated are unlikely to give a reasonable level of confidence (assurance) that the risks are being managed effectively. It is unlikely that the activity will achieve its objectives.</p>	<p>Our critical review or assessment on the activity identified significant concerns on service delivery arrangements, management of risks, and operation of controls and / or performance.</p> <p>There are either gaps in the control framework managing the key risks or the controls have been evaluated as not adequate, appropriate or are not being effectively operated. Therefore the risk of the activity not achieving its objectives is high.</p>

Your Internal Auditor

Mr. Matthew Gleadell FCILEx

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Matthew is a Chartered Legal Executive and holds the Certificate in Local Council Administration. Matthew is the lead consultant for Angle Community Development Services and the business proprietor.

All enquiries in relation to this report should be directed to Matthew.



Background to this Report

To assist in preparing this report, I conducted a visit to the offices of Wetherby Town Council on Tuesday 10th May 2021. This was my 3rd physical visit to Wetherby as part of my Internal Audit function and 4th Audit overall.

I was again ably assisted in conducting my audit processes by Town Clerk Iona and her colleagues and wish to offer my thanks for their kind assistance and support.

Information on the Councils website, documentation inspected during my visit and that provided digitally by the Clerk has all helped to conduct my internal audit process.

Overall Assurance Level:

Wetherby Town Council: High ★★★★★

Overall Summary

The Council continues to maintain its high standards of governance and its high level of organisational accuracy and detail. The Clerk with full support of the members is striving to achieve high standards in all aspects of the Councils operations.

The challenge for the Council in the foreseeable future will be carefully managing its various project ambitions. Our interim report for the 20/21 financial year looked in more detail at the Councils approach to the management of its projects. From an audit perspective what the Council does, provided it is legal, is not something that an auditor need concern themselves with. I would however encourage the Council to be clear on its project priorities, especially where there is presently a funding shortfall. Developing a realistic order of priority for the various projects required will help to ensure that the high standards of governance around the Councils activity continues and will allow the officers to focus clearly on a manageable number of projects rather than be spread too thinly trying to deliver everything at once.

A manageable realistic priority plan for the various projects will help to ensure that Iona and her team can continue to maintain the high levels of organisation and continue to service the various aspects of the Councils operations which do fall under the remit of Internal and External Audit.

Findings and Recommendations

The full findings of the audit can be found in Appendix 1. I have on this occasion opted to provide the Council with an edited version of my full audit checklist in order to serve as a record of the checks undertaken and my findings for each.

Priority Level Definitions

High

Immediate management attention is required - an internal control or risk issue where there is a high certainty of: substantial loss / non-compliance with corporate strategies, policies or values / serious reputational damage / adverse regulatory impact and / or material fines (action taken usually within 3 months).

Medium

Timely management action is warranted - an internal control or risk issue that could lead to financial loss / reputational damage / adverse regulatory impact, public sanction and / or immaterial fines (action taken usually within 6 to 12 months).

APPENDIX 1

Wetherby Town Council - Internal Audit Checklist 2020/21

Undertaken by: Matthew Gleadell Date: 11 May 2021

Type of Audit: End of Year Date of next Audit: October 2021

Name of Council	Wetherby Town Council	Name of Clerk	Iona Taylor
	Key Governance Review	Y/N	Comments & Recommendations
1	Standing Orders (Tailored and Reviewed)	Y	Reviewed and approved without amendment at annual meeting held 4 th May 2021. The Clerk may wish to update the copy on the Councils website. The current copy is the copy adopted in February 2019. MEDIUM
2	Financial Regulations (Tailored and Reviewed)	Y	Reviewed and approved without amendment at annual meeting held 4 th May 2021. The Clerk may wish to update the copy on the Councils website. The current copy is the copy adopted in September 2017. MEDIUM
3	Terms of Reference (Committees/Working Groups)	Y	Reviewed and approved without amendment at annual meeting held 4 th May 2021.
4	Code of Conduct (Elected Members)	Y	Updated Code of Conduct adopted at Annual Meeting on 4 th May 2021.
5	Complaints Procedure (Tailored and Reviewed)	Y	Reviewed and approved without amendment at annual meeting held 4 th May 2021.
6	Insurance Cover <ul style="list-style-type: none"> • Reviewed Annually • Certificate(s) viewed & valid • Employees Liability Cover • Other 	Y	Policy inspected and reviewed as part of audit. All covers expected are included. Fidelity level has been increased as recommended in a previous audit.

	Transparency	Y/N	Comments & Recommendations
7	Internal Controls (Statement or Review)	Y	Reviewed and approved without amendment at annual meeting held 4 th May 2021.
8	Investment Strategy	Y	Internal auditor consulted on its content during the financial year.
9	Publication Scheme (Reviewed)	Y	Yes updated and approved without amendment at annual meeting held 4 th May 2021.
10	Risk Assessment (Statement or Review)	Y	Updated risk assessment adopted 4 th May 2021. Copy inspected and reviewed as part of audit. Copy available from Council website.
11	Pay Policy (Staffing- Reviewed)	Y	NJC Pay Policy adopted. Increases noted and approved at September Full Council meeting under minute 98 20-21.
12	Spending Authorised	Y	Direct Debits and Standing Orders for 2021/2022 approved at the annual meeting held 4 th May 2021. Other payments are routinely approved by Council through the course of the year. There is clear evidence of Council governance and authority over spending.
13	Procurement	Y	I have reviewed an example of a procurement exercise involving the purchase of the Clerks computer. Quotes were obtained and advice sought as to the suitability of certain models. The exercise was conducted in a way that demonstrates the Council seeking best value for the public money involved.
14	Organisational	Y	Exceptionally well organised accounting records. Now held digitally. Good well defined committee structures.

15	Land and Assets (Reviewed)		Yes reviewed and adopted by Council at its annual meeting on the 4 th May. Further work done to identify assets of smaller value. Asset Register is very clear and comprehensive. An up to date copy is available on the Council website.
16	Adequate GDPR policy/procedures in place		The Council should consider the adoption of a data map to assess what data it holds and its purpose for retention. In addition a data breach policy would be a sensible document to adopt. We have provided Iona with some example documents for this purpose. MEDIUM
17	Other		Nothing for this report.

	Accounting	Y/N	Comments & Recommendations
18	Cashbook maintained and up to Date	Y	Monthly updates of accounts and reports including cashbook.
19	Arithmetically Correct (checks / balance)	Y	Checks undertaken as part of the audit process have found no anomalies.
20	Evidence of Internal Control	Y	Yes. Minutes of internal finance checks reviewed.
21	VAT <ul style="list-style-type: none"> • Recorded • Reclaimed 	Y	Yes. The sample transactions tested for July 2020 and November 2020 show VAT recorded and reclaimed appropriately.

22	All Payments Supported by Invoices	Y	Yes. Sample transactions tested are fully supported by invoices.
23	s.137 <ul style="list-style-type: none"> Recorded separately within accounts Within legal threshold limits Spend in accordance with legislation 	Y	Yes. Fully accounted for separately in the accounts under account code 8886. Used to pay for 2 poppy wreaths.

	Income Control	Y/N	Comments & Recommendations
24	Income properly recorded and banked promptly	Y	A sample of market receipts were assessed during the visit to the councils offices. Income from those receipts was accurately recorded and almost immediately banked.
25	Precept demand/calculations	Y	Yes Leeds City Council provide an excel precept calculator document to assist in the calculation process.
26	Effective security of cash and cash transactions	Y	Yes cash values are relatively small and appropriately insured. Cash is quickly banked following receipt which helps to minimise the risk of theft.

	Petty Cash	Y/N	Comments & Recommendations
27	Petty Cash Account used/authorised	Y	Yes used and authorised and very well managed and accounted for using the accounts software. Receipts in support of payments are kept and reconciled.
28	Petty Cash Spending supported by VAT receipt(s)	Y	Yes copies of receipts have been viewed and inspected.
			Most recent minute at annual meeting held 4 th May under

29	Petty Cash reported to Council	Y	reference 10-21-22 e.
30	Petty Cash Float reconciled/reimbursed	Y	Monthly reconciliations produced and evidenced.
31	Other	N/A	Nothing for this report.

	Year End Process	Y/N	Comments & Recommendations
32	Correct Accounting Basis	Y	Accounts based on income and expenditure. Total gross income exceeds the limit for a payments and receipts accounting basis.
33	Bank statements reconcile to ledger	Y	All reconciliation reports inspected are supported by bank statements.
34	Robust Audit Trail evident	Y	Excellent audit trail of paperwork. Annotations added digitally to documents to provide greater audit trail evidence.
35	Debtors and Creditors Recorded	Y	Debt levels are close to none existent but are appropriately recorded in accounts where necessary.
36	Other	N/A	Nothing for this report.

	Bank Reconciliation	Y/N	Comments & Recommendations
37	Regular bank statement reconciliation	Y	Yes routine reconciliations are undertaken on a monthly basis and those inspected correspond with bank statements.

38	Balancing entries (adjustments) explained	Y	Yes as and when necessary.
39	Bank mandate up to date	Y	Not checked as part of this audit.

	Budget	Y/N	Comments & Recommendations
40	Annual budget in support of precept	Y	Balanced budget prepared and supported by clear written report and justification for budget set.
41	Earmarked reserves	Y	Evidence of earmarked reserves inspected and reviewed as part of the audit. Council reviewed ear marked reserves at its annual meeting under minute reference 11 21 -22.
42	Unexplained budget variances reported to Council	Y	Minutes of Budget Committee contain evidence of regular reporting of budget variances/unforeseen changes. Virements between budgets routinely undertaken to respond to changes.
43	Precept Demand properly minuted	Y	Yes recorded under minute reference 170-20-21 (B)

	Asset Control	Y/N	Comments & Recommendations
44	Register of Assets <ul style="list-style-type: none"> • Reviewed • Up to date 	Y	Yes excellent asset register available on the Councils website and reviewed and adopted on the 4 th May at the annual council meeting.
45	Assets Inspected and Health & Safety Issues	Y	Yes. ELAS provide H&S support to the Council to help the Council ensure it meets the desired standards of H&S

	Considered		management.
	Proper Process / Practice	Y/N	Comments & Recommendations
46	Employee posts properly recorded.	Y	The Council employs a number of officers with appropriately allocated titles.
47	List of Members Interest recorded / displayed on website	Y	Declaration of Interests forms are available for download from the Councils website.
48	Agenda Documents Correct	Y	Yes sample agendas inspected accord with statutory requirements.
49	Minutes Correct / Signed	Y	Yes minutes are comprehensive. I did however find examples of some older committee minutes not uploaded to the website. This has now been rectified.
50	Purchase Order System used/correct	Y	No. The Clerk has assessed the operational need for a purchase order system and believes that the internal controls are sufficient to not require a formal purchase order system. Evidence of official orders for larger transactions has been seen as part of previous audits.
51	Purchasing Authorised in line with Financial Regs / Limits	Y	Based on transactions inspected we found no evidence of non-adherence with financial regulations.
52	Council operating within legal powers	Y	There is no evidence of any activity that the Council is acting beyond its powers based on the audit work undertaken.
53	Delegation Limits	Y	Based on transactions inspected there is no evidence of non-adherence to delegation limits set out in Financial Regulations.

	<ul style="list-style-type: none"> • set out in financial regulations • adhered to 		
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	Risk Management	Y/N	Comments & Recommendations
54	Evidence of unusual activity	Y	There is no evidence of unusual activity.
55	Annual Risk Assessment undertaken (as a minimum)	Y	Yes see item 10.
56	Insurance Cover <ul style="list-style-type: none"> • Reviewed Annually • Public Liability Cover • Employees Fidelity Guarantee • Cllrs age reviewed 	Y	Yes. Policy has been inspected and reviewed. Cllr age matters have been addressed in response to previous audit work.
57	Financial Controls and procedures documented	Y	Yes.
58	Regular financial reporting to Council (in line with Fin Regs)	Y	Yes reporting to Council is undertaken on a routine and regular basis and provides more than due opportunity for Councillors to examine the Councils financial transactions and associated finance management.
59	Reporting of bank balances minuted	Y	Yes bank balances are evidenced as part of reconciliation reports.
		Y	Yes clearly identified as part of the budget.

60	S.137 (& other grants) ratified / minuted		
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	Charities	Y/N	Comments & Recommendations
61	Accounted for separately	Y	Yes accounts are very clearly separated from the Council. This was commented on in the 20/21 interim audit report which good practice in this area identified.
62	Independently Audited	Y	Undertaken by internal auditor of Council.
63	Returns filed within legal time limits	Y	<p>Currently overdue by 100 days (as at 11.05.2021)</p>  <p>Iona has indicated that the Charity Commission is aware of the delay whilst legal work is undertaken.</p>

	Payroll & HR	Y/N	Comments & Recommendations
64	Contracts of employment for all staff	Y	Whilst physical contracts have not been inspected as part of this audit there is confidence that all staff have contracts based on input from the Clerk and inspection of a sample of staff contract at previous audits.
65	Proper procedures for payroll, PAYE & NI	Y	Yes evidenced from payroll information provided to assist the audit.
66	PAYE & NI payments verified	Y	Yes. Payroll records provided and inspected are clear and easy to follow.
67	Approval of salaries and increments		Yes minuted under reference 98 20-21 as regards NJC increases for the 20/21 financial year.
68	Approval of expense claims	Y	<p>A discussion with Iona regarding expenses claims highlighted the possible need for Iona to add business cover to her car insurance and for the Council to reimburse the cost accordingly. Travel in the job is limited but does happen from time to time. Any other staff that may use their own vehicle for travel on work business should also ensure they have appropriate car insurance cover.</p> <p>More generally expense claims are very rare but are supported by receipts when they arise.</p>
69	Minimum wage threshold met	Y	Yes. The Councils pay structure is influenced by the national NJC Agreement.
70	HR procedures and policies adopted	Y	Yes the Council engaged the services of ELAS to help it ensure that its HR arrangements are in appropriate order.
		Y	Yes. Skills audit for Councillors to be used to help the Council

71	Training policy and record for staff and elected Members		organise its committees.
72	Qualified Clerk	N	No. Iona plans to undertake her CILCA training at an appropriate time.
73	Annual appraisal undertaken	Y	Copy of form of appraisal reviewed as part of audit and considered appropriate.
74	Job description up to date / reviewed	?	Job descriptions have not been reviewed as part of this audit.
75	H&S review of staff workstation & PC equipment undertaken	N	An occupational health workspace assessment is due to be undertaken to cover both office and home work spaces. MEDIUM

	General	Y/N	Comments & Recommendations
76	Have previous audit issues been addressed	Y	Yes there is evidence of implementation of previous audit issues (Internal controls, fidelity insurance, cemetery paperwork processing)
77	Eligible for GPC	Y	No. Not all qualification criteria is currently met.
78	Back up of files adequate	Y	Yes Microsoft 365 utilised which provides a cloud based back up system.
79	Storage of files adequate	N	The need for some improved proof storage cabinets has been identified.
80	Arrangement for inspection of public records adequate	Y	Yes. Public Notice for inspection of accounts is on the Councils website.

	Burial Authority	Y/N	Comments & Recommendations
81	Income for burials/permits balance	?	Not checked as part of this audit.
82	Fees charged in accordance with approved rates	?	Not checked as part of this audit.
83	A legible plan of all burials is evident and maintained	Y	Plans have been viewed however a detailed audit of their accuracy has not been undertaken. A visit to the cemetery was undertaken during the audit and a sample of memorials was checked to ensure physical graves on the ground corresponded with the paperwork. All graves selected corresponded.
84	Statutory records kept / stored safely	Y	Records are kept in both paper and digital format.
85	All interred ashes have certificates of cremation	Y	The interments checked during the audit found all necessary paperwork present. Iona has in response to previous audits introduced an internal checklist to ensure all paperwork is received and processed.
86	Permits properly documented and stored	Y	Yes. Iona has however indicated a need to obtain some fire proof storage cabinets to improve the safety of physical documentation held.

	Allotment Authority	Y/N	Comments & Recommendations
87	Income for allotment rentals balance		N/A
			N/A

88	Fees charged in accordance with approved rates		
89	Up to date occupancy details kept and securely retained		N/A
90	Agreements/licences issued to all plot holders		N/A
91	Other		N/A

	Market Authority	Y/N	Comments & Recommendations
92	Income for stall hire balances	Y	A single market date was checked during the audit. Receipts corresponded with records of attendees on the date checked and income was promptly banked.
93	Fees charged in accordance with approved rates	?	Not covered as part of this audit.
94	Up to date occupancy details kept and securely retained	?	Not covered as part of this audit.
95	Statutory records kept / stored safely	?	Not covered as part of this audit.
96	Agreements/licences issued to all stall holders	?	Not covered as part of this audit.
97	Other	N	Nothing for this report.

APPENDIX 2

Wetherby Town Hall Charity: End of Year Internal Audit

Overall Assurance Level:

Wetherby Town Hall Charity: Substantial 

Summary:

The overall assurance level reflects the ongoing work being done to tidy up the constitutional structures of the Charity.

Provided the high levels of governance and management of the Charity continues we anticipate that a High assurance level will be achieved just as soon as the Council has completed the work to re structure the Charity.

For the purpose of this audit I have assessed transactions concluded in July 2020 and November 2020 as shown in the screen shots below:

Name	Date modified	Type	Size					
 HSBC Confirmations	15/04/2021 08:18	File folder			 HSBC Confirmations	15/04/2021 08:19	File folder	
 £84.30 Alpha Graphics	15/04/2021 08:18	Adobe Acrobat D...	4,433 KB		 £39.75 W'by Art Group Deposit Refund	15/04/2021 08:19	Adobe Acrobat D...	14,478 KB
 1 7-20 £26.40 Decorating Centre	15/04/2021 08:18	Adobe Acrobat D...	270 KB		 001 List of Payments Made - November 2...	15/04/2021 08:19	Adobe Acrobat D...	187 KB
 2 7-20 £35.05 Decorating Centre	15/04/2021 08:18	Adobe Acrobat D...	284 KB		 1 11-20 £156 Opus Electricity	15/04/2021 08:19	Adobe Acrobat D...	107 KB
 3 7-20 £53.88 PPS 6.7.20	15/04/2021 08:18	Adobe Acrobat D...	54 KB		 2 11-20 £355.20 Rialtas Invoice SM22605	15/04/2021 08:19	Adobe Acrobat D...	24 KB
 4 7-20 £72.96 Decorating Centre	15/04/2021 08:18	Adobe Acrobat D...	294 KB		 3 11-20 £15.94 YPO 23.9.20	15/04/2021 08:19	Adobe Acrobat D...	60 KB
 5 7-20 £78 Smiths Clock repair 30.6.20	15/04/2021 08:18	Adobe Acrobat D...	42 KB		 4 11-20 £714 Mason Clark 19.10.20	15/04/2021 08:19	Adobe Acrobat D...	279 KB
 6 7-20 £55.93 Aspect CPM (2)	15/04/2021 08:18	Adobe Acrobat D...	421 KB		 5 11-20 £991.22 British Gas 29.10.20	15/04/2021 08:19	Adobe Acrobat D...	295 KB
 7 7-20 £192.08 Touchwood 30.6.20	15/04/2021 08:18	Adobe Acrobat D...	18 KB		 6 11-20 £3875.80 Salary Re-charge	15/04/2021 08:19	Adobe Acrobat D...	187 KB
 8 6-20 £92.58 Opus Electricity	15/04/2021 08:18	Adobe Acrobat D...	107 KB		 8 11-20 £597.34 Opus Gas	15/04/2021 08:19	Adobe Acrobat D...	108 KB
 8 7-20 £245.20 YPO 4.7.20	15/04/2021 08:18	Adobe Acrobat D...	63 KB		 9 11-20 £117.56 Business Stream Town Ha...	15/04/2021 08:19	Shortcut	4 KB
 9 7-20 £309.60 Fire Protection Supplies n...	15/04/2021 08:18	Adobe Acrobat D...	205 KB		 10 11-20 £17.40 Touch TH 13.11.20	15/04/2021 08:19	Adobe Acrobat D...	73 KB
 10 7-20 £532.80 Pullans 30.6.20	15/04/2021 08:18	Adobe Acrobat D...	189 KB					
 11 7-20 £728.34 J M Kay Electrics	15/04/2021 08:18	Adobe Acrobat D...	357 KB					
 12 7-20 £1972.09 WTC Salary Re-charge	15/04/2021 08:18	Adobe Acrobat D...	189 KB					
 13 7-20 £0.71 Opus Gas	15/04/2021 08:18	Adobe Acrobat D...	107 KB					
 14 7-20 £117.56 Business Stream Water U...	15/04/2021 08:18	Shortcut	4 KB					
 15 7-20 £294 Country Blinds Invoice 1066...	15/04/2021 08:18	Adobe Acrobat D...	8 KB					

The following statements apply to the sample transactions inspected.

All payments are supported by invoices	YES
VAT is recorded and reclaimed	YES
Payments are reported and where necessary approved by trustees	YES
Charity transactions are clearly separated from Council transactions.	YES
Where there are shared costs between the Council and the Charity costs are apportioned between the 2.	YES