

**End of Year Internal Audit Report
Wetherby Town Council and Wetherby Town Hall Charity
Date: May 2022**

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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)

[file \(nalc.gov.uk\)](https://www.nalc.gov.uk) (web link correct as at 07.05.2022)

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.

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

Assurance Level Definitions

High 	Substantial 
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. The risk of the activity not achieving its objectives or outcomes is low. Controls have been evaluated as adequate, appropriate and are operating effectively.	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. 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.
Limited 	Low 
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. 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.	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. 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.

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

In undertaking this audit I have reviewed a wide range of documentation provided to me by the Clerk as well as documentation available from the Councils website.

I visited the offices of the Council on the 10th May 2022 to allow me to meet and speak with Iona and her colleagues and undertake some appropriate on site audit checks.

I have had a number of discussions with Iona which have helped to clarify certain queries and direct me in pursuance of my audit review.

This audit and report will be my final audit for Wetherby Town Council and marks the end of a 3 year engagement with the Council. I wish to offer sincere thanks to Iona and her colleagues who have been extremely helpful over the last 3 years. I have thoroughly enjoyed working with Wetherby Town Council and can only wish the Council every success for the future.

Overall Assurance Level:

Wetherby Town Council: High ★★★★★

Wetherby Town Hall Charity: Substantial ★★★

Overall Summary

I have never failed to be impressed with the attention to detail that is evident within the Councils documentation and that feeling continues following my work in preparing this report. The Councils documentation is very well presented, easy to read and follow, provides good audit trails and operates at a very high standard. The Clerk strives to maintain those high levels in all aspects of her work.

Wetherby is a growing settlement which should increase the Councils tax base. This should be financially helpful to the Council going forward in pursuing a number of active projects that are at various stages of progression.

I have had sight of a very detailed project priority plan which will be a live document and periodically reviewed and should help to focus the efforts of the officers in pursuing the Councils project plans.

Whilst there are small areas for improvement these are considered to be very low risk. The essential core risk and governance arrangements are in place, actively working and achieving the desired outcomes.

Appendix 1

Wetherby Town Council - Internal Audit Checklist 2021/22

Undertaken by: **Matthew Gleadell** Date: **07th May 2022**

Type of Audit: **End of Year** Date of next Audit: **October/November 2022**

	Key Governance Review	Y/N	Comments & Recommendations
1	Standing Orders (Tailored and Reviewed)	Y	<p>The website version of the councils standing orders are dated 12th February 2019 however they were reviewed and approved at the Councils annual meeting in May 2021 (Minute number 16 21-22)</p> <p>RECOMMENDATION: Update copy of Standing Orders on Council website.</p>
2	Financial Regulations (Tailored and Reviewed)	Y	<p>The website version of the councils financial regulations are dated 12th September 2017 however they were reviewed and approved at the Councils annual meeting in May 2021. (Minute number 16 21-22)</p> <p>RECOMMENDATION: Update copy of Financial Regulations on Council website.</p>
3	Terms of Reference (Committees/Working Groups)	Y	A scheme of delegation and terms of reference for all committees were reviewed and re-adopted at the Councils annual meeting in May 2021.
4	Code of Conduct (Elected Members)	Y	A revised Code of Conduct was adopted in May 2021 in the recommended Local Government Association format (minute 3 21-22)
5	Complaints Procedure (Tailored and Reviewed)	Y	The Complaints Procedure was reviewed in May 2021. (Minute number 16 21-22)

6	Insurance Cover <ul style="list-style-type: none"> • Reviewed Annually • Certificate(s) viewed & valid • Employees Liability Cover • Other 	Y	The Council has an insurance policy with appropriate covers. The cover was updated in October 2021 to take account of updated building valuations.
	Transparency	Y/N	Comments & Recommendations
7	Internal Controls (Statement or Review)	Y	The Councils statement of its approach to internal controls and internal audit was reviewed and adopted at the annual meeting in May 2021 (minute number 20 21-22)
8	Investment Strategy	Y	<p>The Council reviewed and re-adopted its reserves and investments policy at its annual meeting In May 2021 (minute number 16 21-22) however the website copy is dated November 2020.</p> <p>RECOMMENDATION: Update copy of Reserves and Investment Policy on Council website.</p>
9	Publication Scheme (Reviewed)	Y	The Council has a publication scheme which was last updated in 2018 and is available on the Councils website.
10	Risk Assessment (Statement or Review)	Y	The Council reviewed and adopted an updated Risk Assessment at its annual meeting in May 2021 (minute number 19 – 21-22)
11	Pay Policy (Staffing- Reviewed)	Y	See Payroll and HR section below.
12	Spending Authorised	Y	Based on all financial documentation assessed and reviewed all transactions within the Council are appropriately authorised in line with the Councils financial policies.

13	Procurement	Y	Evidence of a formal tender process for the provision of grounds maintenance services had been inspected and reviewed. The tender documentation is comprehensive, clear and well-structured and demonstrates compliance with financial regulations.
14	Organisational	Y	The Councils organisational structure and approach to governance is well documented on the Councils website. Committees are appropriately utilised as necessary with very clear terms of reference.
15	Land and Assets (Reviewed)	Y	The Councils Asset Register was updated and reviewed at its annual meeting in May 2021 (minute number 18-21-22). Insurance valuations.
16	Adequate GDPR policy/procedures in place	Y	Yes appropriate policies have been identified and reviewed.
17	Other	N/A	N/A

	Accounting	Y/N	Comments & Recommendations
18	Cashbook maintained and up to date	Y	An inspection of the Councils accounting records shows the cashbook is maintained and up to date.
19	Arithmetically Correct (checks / balance)	Y	Based on the accounts reviewed the cashbook is arithmetically correct.
20	Evidence of Internal Control	Y	The Council has a policy which sets out its approach to internal control. The actions specified within the policy correspond with the actions of the Council in following the policy.
21	VAT <ul style="list-style-type: none"> Recorded Reclaimed 	Y	The VAT returns for the first 3 quarters of the financial year have been inspected and reviewed. VAT has been appropriately recorded and reclaimed.

22	All Payments Supported by Invoices	Y	The payment lists May 2021 and February 2022 have been inspected and all stated payments are supported by corresponding invoices.
23	s.137 <ul style="list-style-type: none"> Recorded separately within accounts Within legal threshold limits Spend in accordance with legislation 	Y	A small budget for s.137 is accounted for in the budget and used to support the purchase of Remembrance Sunday wreaths. Expenditure is so small so as not to cause any concern over the statutory limits being exceeded.

	Income Control	Y/N	Comments & Recommendations
24	Income properly recorded and banked promptly	Y	Sample income tests for market receipts have been undertaken. Income tested is appropriately recorded and quickly banked.
25	Precept demand/calculations receipt	Y	Yes precept demand has been correctly completed, signed and submitted to Leeds City Council.
26	Effective security of cash and cash transactions	Y	There was particular concern raised by the Clerk in respect of cash and cash transactions at the fireworks event which was the subject of advice in the interim internal audit report for the 21/22 financial year.

	Petty Cash	Y/N	Comments & Recommendations
27	Petty Cash Account used/authorised	Y	The Council operates a small petty cash account.
28	Petty Cash Spending supported by VAT receipt(s)	Y	We have inspected the records for May 2021 and February 2022 and all transactions are where appropriate supported by VAT receipts.

29	Petty Cash reported to Council	Y	Yes annually reported to Council.
30	Petty Cash Float reconciled/reimbursed	Y	Monthly reconciliation of the petty cash account is clearly evidenced.
31	Other	N/A	


	Year End Process	Y/N	Comments & Recommendations
32	Correct Accounting Basis	Y	The Council utilises the correct income and expenditure approach to the presentation and maintenance of its accounts.
33	Bank statements reconcile to ledger	Y	The bank reconciliations inspected for May 2021 and Feb 2022 reconcile correctly.
34	Robust Audit Trail evident	Y	Yes, There are easy to follow audit trails through the Councils financial documentation.
35	Debtors and Creditors Recorded	Y	The Council has no debtors of concern however accounting provision is available to record both debtors and creditors.
36	Other	N/A	

	Bank Reconciliation	Y/N	Comments & Recommendations
37	Regular bank statement reconciliation	Y	Bank reconciliations are carried out on a monthly basis. Evidence of monthly reconciliations has been provided and reviewed.
38	Balancing entries (adjustments) explained	Y	Reconciliation statements include details of any balancing transactions.
39	Bank mandate up to date	Y	Yes. Based on annual appointment of governance and budget committee members.

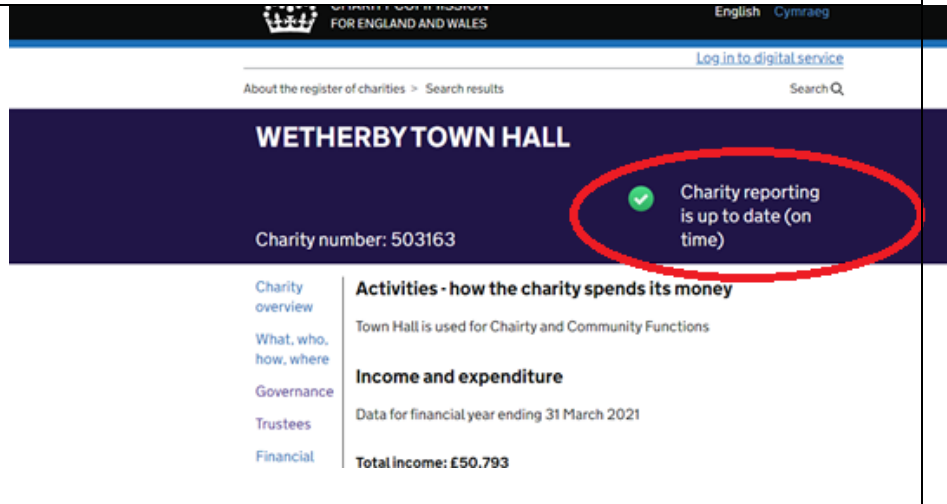
	Budget	Y/N	Comments & Recommendations
40	Annual budget in support of precept	Y	A suitable budget is evident with monitoring of the budget performance undertaken and reported to Council during the financial year.
41	Earmarked reserves	Y	The Council has detailed project delivery plan which has been the subject of detailed advice and analysis. Funding sources for these projects including reserves is clearly documented.
42	Unexplained budget variances reported to Council	Y	The Councils Budgets Committee monitors progress of the budget throughout the year. Minutes of the committee show budget virements being approved where necessary.
43	Precept Demand properly minuted	Y	Yes. The budgeting and precept process is clearly recorded and minuted with good supporting reports from the Clerk.

	Asset Control	Y/N	Comments & Recommendations
44	Register of Assets	Y	Minute below as taken from the minutes of the May 2021 annual council meeting.

	<ul style="list-style-type: none"> Reviewed Up to date 		<p><i>18 21-22 Asset Register</i></p> <p><i>It was RESOLVED that an updated register be approved and adopted. The Council's assets total £1,100,636.61. Considerable work has been done in recent months on identifying assets of smaller value in the Council's properties such as the Bath House, Old Men's Parliament etc.</i></p>
45	Assets Inspected and Health & Safety Issues Considered		Not covered in this audit. The Council utilises the services of ELAS for health and safety and should consult with ELAS in relation to any concerns.
	Proper Process / Practice	Y/N	Comments & Recommendations
46	<p>Employee posts properly recorded</p> <ul style="list-style-type: none"> Proper Officer (Clerk) RFO Deputy Clerk Admin Assistant Other 	Y	It is understood that the Council may be undertaking a staffing review. A recommendation has been made for a suitable HR specialist to assist in this process. At present the Council has in place appropriate statutory appointments including a proper officer and RFO.
47	List of Members Interest recorded / displayed on website	Y	An inspection of the website reveals links to members declarations of interest. As often members can omit to remember to update their register of interests following changes to their circumstances please use this audit report as a helpful reminder for members to review and check that their register of interests remains up to date.
48	Agenda Documents Correct	Y	Yes agenda documents inspected are correct with relevant notice periods and are suitably presented.
49	Minutes Correct / Signed	Y/N	Minutes are available from the council website however a number of them appear to be draft only or awaiting signed minutes (see image below). Original and approved signed

			<p>minutes are likely to be available in the office however it may be prudent to ensure the website is updated.</p> 
50	Purchase Order System used/correct	N	This has been the subject of previous advice as part of internal audit services. It is accepted that the small number of transactions that may otherwise be caught by such a system are such that use of an order system at this time may not be justified.
51	Purchasing Authorised in line with Financial Regs / Limits	Y	No evidence of any purchasing outside of authorised limits has been identified.
52	Council operating within legal powers	Y	The documents reviewed and inspected in preparing this audit has found no evidence of the council acting beyond its powers.
53	Delegation Limits	Y	The version of the financial regulation available on the council website contains clear delegation limits for expenditure.

	Risk Management	Y/N	Comments & Recommendations
54	Evidence of unusual activity	N	There is no evidence of unusual activity.
55	Annual Risk Assessment undertaken (as a minimum)	Y	The Council updates and reviews its risk register. For the 21/22 financial year this was conducted at the annual meeting in May 2021. (minute number 19 – 21-22)
56	Insurance Cover <ul style="list-style-type: none"> • Reviewed Annually • Public Liability Cover • Employees Fidelity Guarantee 	Y	See response to no. 6 above.
57	Financial Controls and procedures documented	Y	Yes. The Council has an internal controls and audit policy and procedure in place, it is annually reviewed and its processes implemented.
58	Regular financial reporting to Council (in line with Fin Regs)	Y	Yes. Minutes of meetings provide evidence of appropriate financial reporting to Council.
59	Reporting of bank balances minuted	Y	Yes minutes support the reporting of bank balances.
60	S.137 (& other grants) ratified / minuted	Y	Yes albeit s.137 expenditure is very small.

	Charities	Y/N	Comments & Recommendations
61	Accounted for separately	Y	Accounts are clearly separated from the Council with evidence of appropriate apportionment of expenses.
62	Independently Audited	Y	Yes the same internal auditor is utilised for both the Council and the Charity.
63	Returns filed within legal time limits	Y	
	Payroll & HR	Y/N	Comments & Recommendations
64	Contracts of employment for all staff	Y	No new staff have been employed since previous checks for the existence of contracts of employment.
65	Proper procedures for payroll, PAYE & NI	Y	Yes a sample of salary payment records have been reviewed and inspected.
66	PAYE & NI payments verified	Y	Yes PAYE and NI payment records correspond with salary payment schedules.

67	Approval of salaries and increments	Y	The Council adopts NJC terms and conditions. NJC increases are budgeted for and reported to Council.
68	Approval of expense claims	Y	Not assessed in this report but expense claims have been assessed in previous reports.
69	Minimum wage threshold met	Y	Yes. Thresholds are being met.
70	HR procedures and policies adopted	Y	ELAS provide HR services to the Council and have assisted in producing appropriate HR policies.
71	Training policy and record for staff and elected Members	Y	The Council has an adopted training policy. Training undertaken by staff and elected members is well recorded.
72	Qualified Clerk	N	The Clerk is due to undertake their CILCA training in the near future.
73	Annual appraisal undertaken	Y	Not assessed in this report but previous assessments have shown the existence of an appraisal scheme.
74	H&S review of staff workstation & PC equipment undertaken	Y	New office chairs purchased in response to workstation reviews.

	General	Y/N	Comments & Recommendations
75	Have previous audit issues been addressed	Y/N	<p>There are items that are outstanding and remain as a work in progress however these are considered to be low risk items. Staff absences have contributed to certain matters not progressing as quickly as planned.</p> <p>Some excellent work has been undertaken around project</p>

			planning and agreeing priority levels.
76	Eligible for GPC	N	In the absence of a CILCA qualified Clerk GPC powers are not available to the Council. This can be reviewed as and when all criteria for using GPC is met.
77	Back up of files adequate	Y/N	The Council uses Microsoft 365 to provide cloud storage of its data. It is essential that all staff and administrative personnel ensure use of the cloud storage facility.
78	Storage of files adequate	N	Improvement of storage arrangements of paper records in the office is now underway. This has been the subject of previous audit advice.
79	Arrangement for inspection of public records adequate	Y	Yes appropriate notices were issued as part of the external audit process for the 20/21 financial year and we are confident will be repeated again for the 21/22 financial year.
	Burial Authority	Y/N	Comments & Recommendations
80	Income for burials/permits	Y	2 sample burial transactions have been reviewed.
81	Fees charged in accordance with approved rates	Y	Fees charged for the samples tested are in line with the councils charging rates.
82	A legible plan of all burials is evident and maintained	Y	Not inspected on this audit but has been viewed during previous audit visits.
83	Statutory records kept / stored safely	Y	Cemetery records are kept in both paper and digital format.
84	All interred ashes have certificates of cremation	Y	The sample transactions tested were able to show certificates of cremation. Although not essential in the way the green form is for full burials it is good practice for the council to obtain a copy.

85	Permits properly documented and stored	Y	Not inspected on this audit but has been assessed as part of previous audits.
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	Market Authority	Y/N	Comments & Recommendations
86	Fees charged in accordance with approved rates	Y	Samples of market receipts from May 2021 and February 2022 have been tested and reviewed.
87	Agreements/licences issued to all stall holders	Y	2 stall holders were randomly selected and suitable agreements were produced for both during the audit inspection.

APPENDIX 2: Town Hall Charity Internal Audit Report

Charity Number: 503163

Overview

The financial management of the Charity continues to operate at the same high levels that are achieved by the Council. Paperwork is clear and precise, well maintained and frankly very easy to audit.

Iona has provided a detailed precis of the current situation in relation to the reorganisation of the governance structure of the Town Hall and it is evident that there is real progress and movement now towards completing this area of work.

Overall Assurance Level:

Wetherby Town Hall Charity: Substantial ★★

Subject to there being no drop in standards in financial management and governance I would not hesitate to award a High ★★ on completion of the reorganisation of the governance structures.

Areas of Assessment and Observations:

Payments:

In order to correspond with the Town Council internal audit I have reviewed the Charity payments for May 2021 and February 2022.

All payments are supported by invoices and all information listed in the payment schedule accords with the corresponding invoices.

Bank Reconciliation:





Bank reconciliation is undertaken on a monthly basis. I have assessed a number of sample reconciliation reports which correspond with relevant bank statements.

Petty Cash:

A small petty cash account is operated. Of the sample transactions inspected payments are fully supported by invoices and reconciled on a monthly basis.

VAT:

VAT has been appropriately accounted for and reclaimed. All 4 quarters have been reviewed as part of this audit.

 Q1 TH Vat Return £479.91	11/04/2022 07:27	Microsoft Edge P...	197 KB
 Q2 TH VAT Return £717.54	11/04/2022 07:27	Microsoft Edge P...	200 KB
 Q3 TH VAT Return £884.06	11/04/2022 07:27	Microsoft Edge P...	198 KB
 Q4 VAT Return £5904.41	11/04/2022 07:27	Microsoft Edge P...	198 KB

Charity Commission Return:

The Charity Commission return is up to date as evidenced on the Charity Commission website.

Assurance Level Definitions

<p>High ★★★★★</p> <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>Substantial ★★★</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>
<p>Limited ★★</p> <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>Low ★</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>