

23 Alexandra Road,
Minehead
Somerset
TA24 5DR

Tel: 01643704963, email: bryan.howe@talk21.com

13/05/2019

Kathryn Hemensley
Clerk and responsible Financial Officer
Wellington Town Council
28 Fore Street,
Wellington
Somerset.
TA21 8AQ

Dear Kathryn,

Annual Report by the internal auditor for the financial year ended 31 March 2019

Thank you for your help in carrying out and completing the internal audit.

I attach my internal audit working papers together with other documents used in the audit. Please retain these for three years.

Your Council should consider the following points which have been based on the Governance and Accountability in Local Council's-a practitioners Guide.

I have the following points to mention:

- VAT: I have compared the cash book figures to the VAT claims and found the following discrepancies: Cheque 05065 VAT of £1,417.67, Cheque 05119, £22.12, 05096, £2.29, Cheque 06097, £4.60, Total VAT of £1,446.68 not claimed. I recommend these items are included in your next VAT return.
- Asset register, I recommend that all assets are photographed and added to a separate asset register with two valuations. Insurance value and value to the Town Council.
- Petty Cash: Most petty cash is used for hospitality, so I recommend that you do not hold petty cash.
- I recommend that you consider introducing online payments and a debit card.
- All payments and receipts should be reported in the minutes including salaries. (you can add a line (all salaries)
- All expenses paid to employees should be signed by the chairman.
- All pages of the minutes should be initialled, numbered and the last page signed and dated by the chairman.
- Risks do not seem to be recorded in the minutes.
- In the receipts and Payments accounts there is a line for devolved services. I recommend that you do not use this description and allocate all costs to specific service headings such as Grants, SLA agreements, donations, etc.
- Large amounts of money are given in grants and the budget has again been exceeded. There does not seem to be a control or budget process. I note that this was reviewed in 2018/19 but not budgetary control was introduced. I recommend that you split the budget for grants into four quarters and only award grants up to the agreed budget. This will mean you will only review grant applications at four meetings and introduce financial control. I note that in 2018/19 you awarded £10K to the National Trust. If this is not coming out of the grants pot it must be made clear that it was awarded from the general reserves.

- I recommend that you consider purchasing an accounting system such as RBS that is used by Porlock Parish Council and Minehead Town Council
- I recommend that you sell or donate the old Christmas lights.
- When paying a grant, a voucher needs to go in the invoice file with cheque number, amount, and minutes of authorisation.
- I did not see the clerk's contract of employment and I did not read her appointment in the minutes.
- I recommend that you review all contracts on a regular basis particularly the toilet cleaning.
- Community Infrastructure Levy and 137 payments must be reported separately in your accounts.
- In your year end summary interest from your reserve account should be included in the income total and not shown separately.
- Petty cash should be allocated to services as its spent.
- Only small items should be coded to other income and expenditure, I have broken down these items for reallocation.
- I recommend you review the all rent charges on a regular basis.
- Staff cost have substantially increased due to the overlap of the new clerk and training.
- Complete, AGAR and variances, also reallocate income and expenditure, and note to accounts.
- A bank reconciliation should be carried out every month and signed by the chairman.
- Other queries: Weed killing no expenditure, Toilets double the cost, Christmas lights double cost.
- VAT should regularly be balanced to the cash book.
- I note that you have some SLA, s but I did not the agreements. I recommend that you have signed agreements with partners that provide benchmarks and feedback to prove value for money.
- I recommend that you introduce a system for recording outstanding invoices that are unpaid.

Thank you again for providing the accounts and documents.

The Town Council should note that I have carried out a limited internal audit.

The Council must ensure that effective controls are in place and are in operation, to prevent and minimise any possible losses through fraud and corruption.

Yours sincerely,



Bryan Howe
Internal Audit