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13/07/2020
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 2020

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:

- Internal Audit 2019-20 – I note that WTC has implemented an action plan following the 2019-20 internal audit report however there are some outstanding recommendations these are: No 2,6,
No2- I did not see a revised asset register No6. Expenses were not signed by the chairman.
- The accounting method has been changed in both 2018/19 and 2019/20 from Receipts and payments to Income and Expenditure.
- VAT outstanding £3,830.96 as at the 31st March 2020 should be accounted as a debtor.
- The petty cash balance of £41.44 as at 31-3-2020 should be included in year end balances.
- I did not see the clerk's or the deputy clerks' contract of employment and I note that the clerk has received a substantial salary increase in February 2020 and a new deputy Clerk was appointed. The Clerks salary as at 31st March 2020 is £36,876 point 34 @ 30 hours per week = £2,491.62 pm however she was paid £2,455.37.
- Current account balances should always be treated as a general reserve as at the year end.
- I recommend that you review all contracts on a regular basis particularly the toilet cleaning, town warden, and Christmas lights.
- Other queries: no weedkilling/grass cutting costs in accounts.
- The cost of technology has substantially increased, and I did not see three quotes for this new contract.
- 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 did not see the new litter bins in the asset register, and I recommend that you create a separate register (see internal audit plan)

- Misc. Income (£3,565) needs to be allocated to appropriate service headings.
- All income and Expenditure sheets should be signed by the Clerk and Mayor.
- Do not make payments on photocopied invoices.

- **Budget monitoring**

I am concerned about the way the Town Council monitors and controls its budgets, and this was reported in last year's report and reports prior to that. The subject was added to the internal audit action plan but was dismissed.

There are a number of grants, donations, SLAs and other payments that the Wellington Town Council awards each year,

When setting budgets there should be separate heading for known SLA agreements, a donation budget and a grants budget, and payments should not exceed these budgets.

The current budget for grants/SLAs was overspent by £4K and there was no donations budget, so it is very difficult to control spending.

Other budget issues ---the salary budget has been overspent by £21K The Tele/Computer/Web site budget was overspent by £6.5K. Longford Rd Toilets overspent by £5K. Youth service under spent by £5K

There is Community services and priorities budget of £40K and only £5,750 has been spent. I recommend that the Council is clear with its budget headings and only create budgets for planned expenditure in order to accurately monitor and control spending throughout the year.

Due to the budget issues above I cannot tick YES on box D of the AGAR return.

Due to me ticking 'No' to box D of the Annual Governance Statement, return I would remind Councillors that they are ticking a YES or NO on the declaration on section 1 of the Annual Governance Statement number 7 "we took appropriate action on all matters raised in reports from internal and external audit".

I would to thank Kathryn for all her work in carrying out the internal audit particularly over the 'lock down period', and I can see that she has made a number of improvements in the way the finance is recorded and presented to the Town Council.

I note that with the extra staffing resource, further improvements will be made in 2020/2021.

Thank you again for providing the accounts and documents.

The Town Council should note that I have carried out a limited internal audit and due to the 'lock down' I have not been able to visit the offices and look at certain documentation.

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