

# Wellington (Somerset) Town Council

## Financial Year 2020-21



Visit date: 17 October 2021

### Year End Internal Audit Observations

**Box B** This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments From Town Clerk
1	Invoices have not been approved in accordance with the Councils Financial Regulations	<i>Invoices have not been signed/certified in accordance with Regulation 5.3 of the Councils Financial Regulations.</i>	The Council must ensure that invoices are approved as required by the Councils Financial Regulations.	High	Arrangements will be put in place to ensure all invoices are signed and certified

**Box D** The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	Precept does not agree to Central Government data	<i>The Council discussed and approved a budget at a meeting held on 6th January 2020. The Minutes of the meeting do not record either the approval of a precept, or the value of the precept to be raised.</i>  <i>Central Government data records a precept of £352,939 and this agrees to the amount received.</i>	The Council should review and confirm the discrepancy between the precept set by Council and that recorded in Central Government data.	High	A note will be placed on the minutes of the 6 January Council meeting to confirm the Precept amount
2	The Council has not met the requirements of the Accounts and Audit Regulations 2015 which require the Council to "... approve the annual governance statement .... by resolution of members of the authority meeting as a whole."	<i>It was noted that the Minutes of the August 2020 meeting which approved the Annual Governance Statement and Accounting Statements refers to 'Declaration of Control Statement' and "Annual Accounting Statements 2018/19" (the statements approved were for 2019/20).</i>	Council to note that the wrong terminology was used in the Minutes to describe the Annual Governance Statement, and the the incorrect date was used in respect of the Accounting Statements		Noted
3	The Council has not formally minuted consideration of the points raised by the External Auditor in their report.	<i>From a review of Minutes it was not possible to determine when the Council had reviewed the report of the External Auditor</i>	The Council MUST ensure that it minutes consideration of reports of the External Auditor.  The Council should consider what response it should give in respect of Assertion 7 of the Annual Governance Statement	High	The External Audit report was circulated to Councillors following the Internal Audit observation asking for conformation of consideration by electronic vote. Assertion 7 is historic and has been addressed.
4	The accounting system opening balances do not agree to the prior year Annual Return	<i>The Council will be restating the 2019/20 Accounting Statements as the Deputy RFO identified that Box 6 numbers had previously been stated gross including VAT.</i>	The Council must review the accounting system opening balances and rectify any discrepancy between the accounting system opening balances and the prior year Annual Return.	High	Actioned and being reported to June 2021 Council meeting

5	From audit review it does not appear that the purposes of Councils Reserves have been identified	<i>Councils reserves significantly exceed both the value of the precept and the expenditure for the year (the reserves have increased by £250,000 over the 2020/21 financial year)</i>	The Council should conduct a review of the Level of Reserves to ensure that their purpose is identified and that they are adequate and not excessive.	High	Noted. Reserves are high because of a lack of spending during lockdown. Activities are planned which will address this .
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**Box E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.**

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	The Council does not have an investment policy in place	<i>As at 31st March the Councils bank balances exceeded £500,000 at which point it is a requirement for the Council to have an investment policy in place.</i>	The Council must put in place an investment policy (an example policy has been provided to the Clerk).	Non Compliance	See note above re reason for bank balances - nevertheless an Investment Policy will be presented to the July Finance Committee and Full Council for approval

**Box F Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.**

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	Petty Cash held does not agree to the value stated in the Councils Financial Regulations	<i>Part 6.21 a) £100 Petty Cash - This appears to be the amount for which cheques are raised to fund the petty cash.</i>	Council To review the level of petty cash held and ensure that it agrees to the value stated in Financial Regulations	Medium	The Council will review whether Petty Cash is necessary or whether debit cards for staff are more appropriate given the move to cashless payments in most shops
2	Cash book petty cash balances are not subject to regular reconciliation to cash on hand	<i>No balance maintained in accounts</i>	Cash book petty cash balances must be subject to regular reconciliation to cash on hand	High	If Petty Cash arrangements are continued a system will be put in place to address this

**Box G Salaries to employees and allowances to members were paid in accordance with this smaller authority's approvals, and PAYE and NI requirements were properly applied.**

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	The Members allowances have not been set in accordance with Members Allowance Regulations 2003	<i>It is unclear whether the Council's arrangements in respect of Councillors Allowances comply with the requirements of the Members Allowances Regulations 2003.</i>	The Council to review how it has set the Members Allowances and ensure that they are set in accordance with the Members Allowances Regulations 2003	Non Compliance	Agreed . Will report findings to July Finance Committee and Council

**Box H Asset and investments registers were complete and accurate and properly maintained.**

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	Total of Asset Register does not agree to Box 9 value of Accounting Statements	<i>The Council has an asset register which is in need of review and updating. In 2020 the total value of assets was stated as £50,000. This does not agree to the total of the asset listing.</i>	Council to review value of assets and ensure that the value of the value of assets agrees to the value stated in Box 9	High	Actioned

**Box I Periodic and year-end bank account reconciliations were properly carried out.**

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
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1	Petty cash balance does not agree to the balance stated in the balance sheet	<i>Amounts drawn out for cash are expensed when the cheque is raise, consequently no petty cash balance is recorded in the balance sheet or bank reconciliation</i>	Council to ensure that petty cash balances are correctly recorded in the Councils accounting records	Medium	See comment above re Petty Cash
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**Box L** During summer 2020 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations.

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	The period of the Exercise of Public Rights did not last for 30 working days.	<i>The Notice period of Exercise of Public Rights commencement date 4 August 2020 and ended 18 September 2020 (32 days) and not 30 days.</i>	The Council to note that the period of the Exercise of Public Rights did not last for 30 working days.	Non Compliance	Noted and reported to June Council meeting