



Dave Farrow
Town Clerk
Wellington Town Council
28 Fore Street
Wellington
Somerset
TA21 8AQ

9th October 2025

Dear Dave,

Interim Internal Audit Report

An audit was carried out by Kevin Rose on Monday 6 October 2025. This was the interim internal audit, part of the annual internal audit coverage of the Council. Prior to the audit a 'Pre-Audit' was carried out remotely which tested items which are required to be published on the Council's website.

The audit was undertaken using the standard IAC Audit Checklist, that we use for all Local Councils, which has 206 items. A total of 108 items were tested during this audit, including items that were examined and tested as part of the pre-audit process. A balance of 98 items remain to be tested.

The following 'Internal Control Objectives' of the Annual Internal Audit Report (part of the AGAR) were checked and confirmed as being Not Applicable to your Council for this financial year.

- Petty cash (Box F)
- Exemption from External Audit (Box K)
- the Transparency Code (for Smaller Authorities) (Box L)
- Trust Funds (Box O)

Areas subject to audit were;

- the Accounting system and records (Box A)
- the Payment system (Box B)
- Risk and insurance (Box C)
- Budget and precept setting and monitoring (Box D)
- Income billing, collection and VAT (Box E)
- Bank reconciliations (Box I)
- Accounting Statements (Box J)

Of the 102 applicable items tested a Positive response was obtained in respect of 92 tests. There were 10 Negative responses identified and 14 Observations were made, details of which are set out in the attached Interim Internal Audit Observations.

Summary of tests undertaken during this audit

Positive response	92
Negative response	10
Not Applicable to your Council	6
Total tests carried out	<u>108</u>

I am pleased to advise that no 'Non-Compliances' were identified at this stage that would give rise to a negative response on the statutory Annual Internal Audit Report.

One matter that I would particularly like to draw to the Council's attention is the review of Risk. It is a requirement of the Annual Governance Statement and Annual Internal Audit report to confirm that a review of Risk has been carried out during the financial year. As at the date of this interim audit this has not yet been done. The Council must ensure that such a review is conducted and formally recorded in the Minutes prior to the end of the financial year.

I would like to express my thanks for the assistance provided to me during my audit.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'K. Rose'.

Kevin Rose ACMA
Director

Wellington Town Council

Financial Year 2025-26

Visit 1 Internal Audit Observations

Date considered by Council 13/10/2025

Minute Reference



IAC Audit and Consultancy Ltd

Audit date: 6 October 2025

A Appropriate accounting records have been properly kept throughout the financial year.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Have Minutes been signed in accordance with the requirements of Schedule 12-paragraph 41 (2) the Local Government Act 1972 (this requires each page to be initialled and the final page signed)	No	<i>It was noted that a number of Minutes had not been signed in accordance with the requirements of the Local Government Act 1972 which require that Minutes are initialled on each page and signed and dated on the final page,.</i>	The Council to ensure that Minutes of meetings are signed in accordance with the legislative requirements. In particular Minutes of meetings should be initialled on each page and signed and dated on the final page.	High	WC reviewing / rectifying.

B This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Has the Council formally Minuted confirmation of bank signatory arrangements?	No	<i>The Policy and Finance Committee Minutes of June 2025 record discussion on the signing authorities on the 'savings accounts'. It is unclear when the council, or the P&F committee last reviewed and confirmed the signing authorities on all of the Councils bank accounts.</i>	Council to formally review and approve the bank signatory arrangements on all Council bank accounts.	Medium	APK to request confirmation from each bank to present to future P&F meeting.
2	Is the tender level in Financial Regulations and Standing Orders set at the same level?	No	<i>It was noted that the tender threshold set out in the Councils Financial Regulations/Standing Order do not agree.</i>	The Council to review the tender level set in its Financial Regulations and Standing Orders and ensure that they are set at the same level.	Medium	Amendment to be reviewed at next FC.

C This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	The Council, as a body, has undertaken a formal review of risk (this cannot be delegated to sub-committee) - Interim Audit	No	<i>As at the date of the Interim Audit the Council had not formally Minuted a review of Risk</i>	The review of Risk is a key requirement of both the Annual Governance Statement and the Annual Internal Audit Report. The Council MUST ensure that it Minutes a formal review of Risk prior to the end of the financial year.	Advisory	Review of document underway - presenting to Nov or Dec P&F

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 Test	Response	Observation	Recommendation	Priority	Comments
1	The Council has established Reserves (or some other suitable measure) to monitor the usage of CIL Receipts	Yes	<i>Council has not reviewed aging of CIL for some time. This is important as there is a time limit within which CIL must be spent.</i>	Council to undertake a review of the age of the CIL reserves.	Medium	APK to collate and review
2	Council has returned to IAC completed Internal Audit Observations spreadsheets from prior audit(s)	No	<i>The Council has not provided its response to the Internal Audit Observations from the previous audit and returned it to IAC.</i>	Council to provide its comments on the previous Internal Audit Observations.	Medium	Since forwarded
3	Council has reviewed independence of the Internal Auditor	No	<i>It was noted that the Council has not formally reviewed and confirmed the independence of the internal auditor.</i>	The Councils should review and confirm the independence of the internal auditor. (It may be appropriate for this to be done on receipt of the annual internal audit report).	Medium	Future P&F Item?

E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
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1	Is income due on investments subject to regular check and verification? (Is investment performance regularly reported to Council?)	Yes	<i>It was noted that the Council is earning a relatively low rate of interest in its deposits compare to the rates being earned by other Councils.</i>	The Council to review the rate of interest it is earning on its deposits and consider how these may be improved, subject to the requirements of the Councils Investment Policy.	High	
2	Has the Investment Strategy been subject to annual review?	No	<i>The Investment Strategy has not been subject to annual review,</i>	Council to ensure that its Investment Strategy is subject to annual review (this could be carried out as part of the budget process)	High	To be brought to a future P&F
3	If the Council receives income under leases is the income being received as required?	No	<i>It was noted that the Council has not received any income in the current year in respect of the Cricket Club lease.</i>	Council to review the income received in respect of its leases and ensure that they are brought up to date.	Medium	Lease income received from Cricket, Tennis & Football clubs. Cricket club outstanding amount continues to be chased. Next quarterly invoices due this month.
4	VAT has been promptly reclaimed	Yes	<i>The Council has incurred significant costs in respect of the Kings Arms building, which is now being rented out on a 'VAT Business Exempt' basis (this is common for income arising on land and buildings). It appears, from a review of the renovation costs, that the Council has breached the £7,500 de minimis limit for business exempt input VAT. This could result in the inability to recover the VAT incurred in respect of business exempt supplies.</i>	<p>The Council should, as a priority, review the VAT 'Partial Exemption' position of the Council for the current tax year and confirm whether or not it is able to recover Business Exempt' VAT incurred.</p> <p>The Council should, in particular review VAT Notice 749 (Section 7 onwards) which sets out HMRC requirements.</p>	High	APK to carry out a partial exemption review as discussed with KR.

I Periodic bank account reconciliations were properly carried out during the year.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Bank reconciliations have been carried out regularly and in a timely manner (Interim)	Yes	<i>Regular bank reconciliations have been carried out however it is not currently practice for these to be saved in the SCRIBE accounting system.</i>	The Council to consider saving the monthly bank reconciliations in SCRIBE for audit purposes.	Medium	APK will make sure to 'save' the documents in Scribe - already done for Oct

L

The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	The Council has complied with the publication requirements of the ICO Model Publication Scheme for Parish Councils. (This includes a requirement to publish the Annual Internal Audit Report).	No	<p><i>The Council has not complied with the publication requirements of the ICO Model Publication Scheme for Parish Councils. The version of the ICO Scheme in place at the Council states a publication threshold of £500, when the current ICO Model scheme has a threshold of £100.</i></p> <p><i>The Freedom of Information Act requires a local council to adopt the Model Publication scheme without amendment unless it as an alternative scheme approved by the Secretary of State.</i></p>	<p>The Council should note the legal requirements to publish information in accordance with the ICO Model Publication Scheme (version 3).</p> <p>Although this is not a requirement under the Accounts and Audit Regulations 2015, the Council should note that it is a statutory requirement under the Freedom of Information Act.</p>	Advisory	Future P&F Item

M

The authority, during the previous year (2024/25) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	The period for the Exercise of Public Rights commenced the day after the Council published the Accounting Statements, the Annual Governance Statement and the Notice as set out in Regulation 15.3 of the Accounts and Audit Regulations 2015.	No	<p><i>The period for the Exercise of Public Rights did not commence the day after the Council published the Accounting Statements, the Annual Governance Statement and the Notice as set out in Regulation 15.3 of the Accounts and Audit Regulations 2015. The approval date and announcement date were both 2nd June 2025.</i></p>	<p>The Council MUST comply with Regulation 15.3 of the Accounts and Audit Regulations 2015 in respect of the Period for the Exercise of Public Rights.</p>	High	Noted.

Interim audit summary Wellington Town Council

(shaded Internal Control Objectives are not applicable to your Council)



Audit 1 Date 6 October 2025

Internal Control Objective		N/A	Tested	Positive	Negative	Observations	Non Compliance
Box A	Appropriate accounting records have been properly kept throughout the financial year.	-	6	5	1	1	
Box B	This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	1	37	34	2	2	
Box C	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	-	5	4	1	1	
Box D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	1	18	15	2	3	
Box E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	3	21	16	2	4	
Box F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	-	-	-	-	-	
Box G	Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	-	-	-	-	-	
Box H	Asset and investments registers were complete and accurate and properly maintained.	-	-	-	-	-	
Box I	Periodic bank account reconciliations were properly carried out during the year.	1	6	5	-	1	
Box J	Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	-	2	2	-	-	
Box K	If the authority certified itself as exempt from a limited assurance review in 2024/25, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2024/25 AGAR tick "not covered")	-	-	-	-	-	
Box L	The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	-	1	-	1	1	
Box M	The authority, during the previous year (2024/25) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).	-	5	4	1	1	
Box N	The authority has complied with the publication requirements for 2024/25 AGAR (see AGAR Page 1 Guidance Notes).	-	7	7	-	-	
Box O	(For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee	-	-	-	-	-	
Totals		6	108	92	10	14	-