

Annual Internal Audit Report 2019/20

Wantage Town Council

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation **during** the financial year ended 31 March 2020.

The internal audit for 2019/20 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓		
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.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic and year-end bank account reconciliations were properly carried out.	✓		
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.	✓		
K. IF the authority certified itself as exempt from a limited assurance review in 2018/19, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2018/19 AGAR tick "not covered")			✓
L. The authority has demonstrated that during summer 2019 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.			✓
M. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

24/04/2019 23/10/2019

Name of person who carried out the internal audit

Kevin Rose ACMA - IAC Audit & Consultancy Ltd

Signature of person who carried out the internal audit

SIGNATURE REQUIRED

Date

29/07/2020

*If the response is 'no' you must include a note to state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Client	Wantage Town Council	
Clerk name:	Bill Falkenau	
	Name	Date
Pre Audit	Paula Sakalla	16 October 2019
Visit 1 Auditor:	Paula Sakalla	23 October 2019
Year End Auditor	Kevin Rose	23 July 2020

Complete
Yes
Yes
Yes

Internal Audit Summary 2019-20



Annual Return – Compliance with Requirements		Not checked	Not applicable	Positive	Negative	Overall	Interim Recommendations	Year End Recommendations	Observations
Box A	Appropriate accounting records have been kept properly throughout the year.	0	0	3	0	100.00%	0	0	
Box B	This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	3	8	24	2	92.31%	2	1	The Council should refer to the attached Internal Audit Observations
Box C	This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	0	1	7	2	77.78%	1	0	
Box D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	0	0	18	1	94.74%	1	1	The Council should refer to the attached Internal Audit Observations
Box E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	1	6	9	4	69.23%	4	0	
Box F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	0	1	6	2	75.00%	2	0	
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.	3	0	8	1	88.89%	0	1	The Council should refer to the attached Internal Audit Observations
Box H	Asset and investments registers were complete and accurate and properly maintained.	1	3	4	0	100.00%	0	0	
Box I	Periodic and year-end bank account reconciliations were properly carried out.	2	0	2	5	28.57%	2	2	The Council should refer to the attached Internal Audit Observations
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.	0	3	3	1	75.00%	0	2	The Council should refer to the attached Internal Audit Observations
Box K	IF the authority certified itself as exempt from a limited assurance review in 2018/19, it met the exemption criteria and correctly declared itself exempt.	0	2	0	0	0.00%	0	0	
Box L	During summer 2019 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.	0	0	3	0	100.00%	0	0	
Box M	Trust funds (including charitable) – The council met its responsibilities as a trustee.	0	4	0	0	0.00%	0	0	

Total

10	28	87	18	82.86%
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Wantage Town Council

Financial Year 2019-20

Year End Internal Audit Observations



Visit date: 23 July 2020

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	The Council has not established Reserves (or some other suitable measure) to monitor the usage of CIL Receipts	<i>Council has received over £12k in CIL during the year It is understood that the Council have not identified projects for the use of CIL receipts.</i>	The Council should formally establish a plan for the utilisation of CIL receipts. This should be monitored to ensure that CIL funding available is used with the 5 year timescale.	Medium	

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	It was noted that not all employees have contracts of employment with clear terms and conditions	<i>The Clerks contract provided is dated 1990. The Contract does not formally record the number of hours and does not refer to a current pay scales. It does state that " The Council shall each year review the Clerk's salary .." It is not clear that this is current practice. The Contract also refers to the payment of a 'Gratuity' at end of service.</i>	Council to review and update the Clerks contract of employment to reflect the current employment terms and conditions of the Clerk. The Council may wish to use the NALC model contract for this purpose.	High	

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

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	Year end cash balances were not supported by cashiers certificates	<i>It is understood that it was not possible to complete the Year End Petty Cash Certificate and Checks due to lock down restriction. It is also understood that the Council no longer use petty cash replaced with credit card. The petty cash balance stated at year end was £356.12</i>	Council to note that the verification of the year end petty cash balance has not been done due to COVID-19.	Medium	
2	The Council was unable to provide evidence of Petty cash balance to agree to the balance stated in the balance sheet	<i>It is understood that it was not possible to complete the Year End Petty Cash reconciliation due to lock down restriction. It is also understood that the Council no longer use petty cash as this has been replaced with a credit card and the intention is to put the petty cash back into the Council bank account once lock down restriction ease.</i>	The Council must ensure that Petty Cash Certificate is completed and confirmed against the balance sheet. A signed copy to forwarded to Internal Audit once lockdown restrictions are eased.	Medium	

3	Year end bank reconciliations have not been subject to independent review.	<i>The year end bank reconciliations provided have not been independently reviewed, signed and dated due to the Lock Down restrictions.</i>	Year end bank reconciliation to be formally reviewed and approved as soon as circumstances permit.	High	
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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.*

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	Year end balances on debtor accounts do not agree to subsequent receipts.	<i>The Debtors schedule includes two amounts £188.80 and £374 'awaiting banking'. It appears that these amounts should be recorded as cash in hand (Box 8) at year end and not as a debtor balances.</i>	Council to review the accounting treatment of these two amounts and, if appropriate, classify them as part of Cash and Bank balances instead of debtors.	High	

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Financial Year 2019-20

Interim Internal Audit Observations



Visit date: 23 October 2019

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
1	The Council is not using the latest Model Financial Regulations	<i>The NALC latest model Financial Regulations issued July 2019 have not been formally adopted by the Council. The Council is in the process of updating to the latest NALC model Financial Regulations this was discussed at the Policy, Management and Finance Committee 13 July 2019.</i>	The Council to review and update its Financial Regulations	Medium
2	The Clerk is not CiLCA qualified	<i>The Clerk is not CiLCA qualified.</i>	The Council should consider whether the Clerk should be CiLCA qualified.	Medium

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

No.	Audit Conclusion	Observation	Recommendation	Priority
1	The Council has not reviewed its insurance coverage during the year	<i>It is current practice which has also been confirmed by the Clerk that the insurance is renewed annually (May) however the Council do not review this. The Clerk is planning to take the review of the insurance to the next Policy, Management and Finance Committee meeting for formal review. The Insurance with Zurich is renewed annually. This is carried out by the Clerk.</i>	The Council must ensure that it undertakes a regular review of its insurance coverage.	High

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
1	The Council does not have an investment policy in place	<i>The Council has a Barclays Bank Account with over 500k in the account. It was confirmed by the Clerk that the Council is currently seeking investment opportunities. Once this has been accomplished the Council will create an investment policy.</i>	The Council must put in place an investment policy (an example policy has been provided to the Clerk).	High
2	The Council does not maintain a register of fees and charges	<i>The Council does not have a combined list of of all the fees and charges. These are currently held in varying formats.</i>	The Council should establish a formal register of fees and charges	High
3	Fees and charges have not been subject to review and approval by Council during the year.	<i>The Council has Cemetary, Allotments and Market Place and Charity Space rental as a source of income. The Allotment charges have been reviewed by Leisure and Amenities Committee on the 16 September 2019. The Cemetary and Market Place charges and Charity Space Rental have not been reviewed by the Council in over 5 years.</i>	The Council should establish a process for the regular review of fees and charges. The Council may wish to incorporate this into the annual budgeting process.	Medium
4	VAT has not been promptly reclaimed	<i>The Clerk confirmed late VAT claim submission. This was due to online issues to submit the claims. The clerk is to provide the VAT claim to audit once this has been located.</i>	The Council must ensure that VAT is promptly reclaimed	High

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
1	Petty Cash held does not agree to the value stated in the Councils Financial Regulations	<i>Value of petty cash recorded in the Council Financial Regulations is £250. The Council holds £350 petty cash. This was discussed with the Clerk during the audit and it was confirmed that the Council will reduce the level of petty cash or remove petty cash entirely.</i>	Council To review the level of petty cash held and ensure that is agrees to the value stated in Financial Regulations	Medium
2	Petty cash expenditure is not regularly reported to Council	<i>Petty cash expenditure is not reported to Council.</i>	Petty cash cash expenditure must be regularly reported to Council	Medium

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

No.	Audit Conclusion	Observation	Recommendation	Priority
1	End of month bank statements have not been reconciled to accounts	<i>Community Direct Plus Instant a/c, Nationwide fixed rate saver a/c and Barclays Instant a/c/no are not regularly reconciled. Only the Barclays current account is reconciled on a monthly basis.</i>	Bank statement must be reconciled to the Councils accounting records	High
2	Bank reconciliation have not been subject to independent review The Practitioner's Guide 1.10 states "Statements reconciling each of the authority's bank accounts with its accounting records need to be prepared on a regular basis, including at the financial year-end, and reviewed by members of the authority."	<i>Bank Reconciliations are produced 3 times a year. These are presented to Policy, Management and Finance Committee. These are not signed as reviewed by the Council.</i>	On a regular basis, at least quarterly, bank statements must be subject to formal review. The bank reconciliation statement should be signed and dated and the supporting bank statements initialled as evidence of this review. On a regular basis reconciliations should be reviewed by Council and signed and dated as evidence of this review.	High