

# *Public Sector Audit*

## Winterton Town Council

*Internal Audit Report for the year ended 31 March 2026*

*Public Sector Audit*

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### **Internal Audit Report for the year ended 31 March 2026**

#### Introduction

Part 2, paragraph 5 (1) of the Accounts and Audit Regulations 2015 imposes a duty on Local Councils to “undertake an effective Internal Audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

Internal audit is a key component of the system of internal control. The purpose of internal audit is to review whether the systems of financial and other controls over a council's activities and operating procedures are effective.

At the request of the council I have conducted an Internal Audit review of the council's accounting records in respect of the financial year ended 31 March 2026. I have acted independently and, on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in place during the financial year.

The audit has been carried out in accordance with the council's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions and recommendations have been recorded in the table below.

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## Prioritisation of recommendations

In accordance with good internal audit reporting practice and the Governance and Accountability for Local Councils Practitioners Guide, the recommendations contained in this report have been prioritised. The following 'traffic light' system for the prioritisation of recommendations has been adopted: Page | 3

- Significant weakness in internal control requiring urgent attention.
- Moderate weakness in internal control requiring attention within the current year.
- Minor weakness in internal control, or matters of good practice the council may wish to consider, to be addressed within the current year.

### Distribution List

Chairman of the Council

All Members of the Council

Clerk to the Council

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The findings of the audit are summarised below

	Test	Findings and Recommendations
1	Have appropriate books of account been properly maintained throughout the year?	<p><u>Appropriate accounting records</u></p> <p><b>Findings</b> The council's financial records are maintained on a computerised system provided by Rialtas Business Solutions Ltd. (RBS). The accounting system is balanced, as evidenced by bank reconciliations; at the time of the audit it is balanced to the 31st March 2026.</p> <p>The system ensures that it is arithmetically correct and the cash book is sufficiently well analysed to provide the information required for the Annual Governance and Accountability Return (AGAR).</p> <p>The basis of the council's accounting is income and expenditure, as required by the Government.</p>
2	Have the council's Financial Regulations and Standing Orders been formally adopted and complied with?	<p><u>Adherence to Financial Regulations and Standing Orders</u></p> <p><b>Findings</b> The council's Standing Orders and Financial Regulations were reviewed and approved at the Annual Meeting of the Town Council held on the 13th May 2025.</p>
3	Are payment controls effective and VAT properly accounted for?  Has the council recorded s137 expenditure separately and is it within the statutory limit?	<p><u>Adequate payment controls</u></p> <p><b>Findings</b> Schedules of all payments for the Town Council and the Winterton Community Pavilion (WCP) are prepared by the Clerk/RFO in an Excel spreadsheet format taken from the council's accounting system. All schedules are presented to Council for approval and authorised by the Mayor. In addition, each individual invoice is reviewed and authorised by two Council Members. The same schedules of payments are also included in the council's minutes.</p> <p>I have tested a large sample of payments for both the Town Council and WCP from April 2025 to March 2026 to ensure that there is a formal invoice and that the expenditure has been reported to council.</p>

		<p>It is noted that competitive quotations have been sought in accordance with the requirements of the council's Financial Regulations.</p> <p>I have checked and confirmed that VAT has been correctly identified in the council's accounting system to enable it to be reclaimed from HMRC.</p> <p>The council formally re-confirmed its eligibility for the use of The General Power of Competence at the Council Meeting held on the 13th May 2025.</p> <p>The council also correctly maintains a cost code in the accounting system in respect of s.137 expenditure which cannot be charged to any other legislative power. A total of £50 has been coded to s.137 during the year; the expenditure is appropriate for this statutory power and well within the annual statutory limit.</p> <p>The Clerk has confirmed that no cheques have been issued during the year.</p>
4	<p>Has the council assessed the significant risks in delivering its activities and services and regularly reviewed the adequacy of these assessments?</p> <p>Is insurance cover appropriate and adequate?</p> <p>Are financial controls documented and regularly reviewed?</p>	<p><u>Assessment of significant risks</u></p> <p><b>Findings</b></p> <p>The council's General Risk Assessment, Financial Risk Assessment and Health and Safety Policy, were approved at the Annual Meeting of the Town Council held on the 13th May 2025.</p> <p>Daily visual inspections are carried out by council by staff and communicated verbally to the Town Clerk. Formal weekly inspections are also undertaken at West Street and Marmion Drive Parks for Health &amp; Safety purposes. All play equipment is inspected and reported, and any repairs required are noted on the inspection sheets. Up to December 2025 monthly in-depth operational inspections have been undertaken by the Grounds Maintenance and Facilities Supervisor. The council also contracts with Kompan Ltd. to undertake quarterly inspections and facilitate any repairs found to be necessary and, in addition, NLC also undertakes a full annual inspection. Following a visit and review by Komplan during October 2025 a detailed report was received which identified issues that needed to be addressed. Early action has been taken by the council to rectify the matters identified and a Park Inspection Action Sheet is now maintained which identifies all</p>

		<p>matters requiring attention, the dates on which defects were noted, the actions taken to rectify them and the dates completed.</p> <p>➤ A monthly Park Inspection Report is now presented to each council meeting for information and review.</p> <p>The Clerk maintains a control document that identifies the council's policies and procedures, when they were last reviewed, the date of the next review and the minute references of the latest review. This document ensures that all council policies and procedures are reviewed when required and at the required frequency.</p> <p>The council's insurance policy was renewed on the 1st June 2025. I have reviewed the limits of indemnity, and all are considered to be adequate.</p> <p>I have reviewed the council's security arrangements in respect of electronic data and the Clerk has confirmed that all data is saved automatically to cloud. The council's computers are encrypted, and password protected.</p>
5	<p>Has the annual precept requirement resulted from an adequate budgetary process?</p> <p>Has progress against budget been regularly monitored and reported and were reserves appropriate?</p>	<p><u>Adequate budgetary process</u></p> <p><b>Findings</b></p> <p>Detailed budget setting documentation, in the correct format, was presented to the council by the Clerk and the budget for 2025/26 was agreed at the council meeting held on the 14th January 2025. A Precept of £131,592.45 was agreed for 2025/26.</p> <p>Budget monitoring reports produced by the accounting system are presented to each full council meeting.</p> <p>Together with the payment schedules provided to council each month, the Clerk also identifies any movement of funds between the council's current account and reserves accounts.</p> <p>The council's total balances on the 31st March 2026, after allowing for creditors, was £38,610. As the council has no unbudgeted projects for 2026/27 the whole of the balance brought forward represents the council's</p>

		general balance. This equates to 27.7% of the current year's Precept and is considered to be adequate for a council the size of Winterton Town Council.
6	<p>Was all expected income fully received in accordance with the current scale of charges, properly accounted for and promptly banked?</p> <p>Were security controls over cash and cash equivalents effective?</p>	<p><u>Adequate income controls</u></p> <p><b>Findings</b></p> <p>The council's Precept of £131,592.45 was paid by NLC in two instalments. The first instalment of £65,796.23 was received on the 25th April and the second instalment of £65,796.22, was received on the 25th July 2025. Apart from the Precept from NLC, the council received income in respect of three VAT reclaims from HMRC, football pitches, Pavilion hire, grass cutting SLA with NLC, In Bloom sponsorships, an In Bloom grant and UKSPF funding for the BMX park from NLC, VE Day Grant, donations, s.106 funding for the Pump Park, the sale of the Ark, allotments and a refund from SES Water.</p> <p>At the council meeting held on the 11th February 2025 the council reviewed and approved its 2025/26 Scales of Charges in respect of Allotments, Pavilion hire, pitch and ground fees, and the Christmas lights event.</p> <p>I have tested and agreed all Winterton Town Council income and a large sample of Pavilion income to the bookings diary, invoices raised, the council's accounting system and Scales of Charges up to September 2025.</p> <p>I have agreed a sample of allotment income to the Scales of Charges, the council's accounting system and have agreed all other income to available supporting documentary evidence.</p>
7	<p>Were petty cash payments appropriate and supported by receipts?</p> <p>Was all expenditure approved and reported to members?</p>	<p><u>Appropriate petty cash controls</u></p> <p><b>Findings</b></p> <p>A petty cash account is maintained in the accounting system. This account is not used and the council resolved to reduce the balance to £50.00 for any emergencies which may arise.</p> <p>The Clerk and the council's Grounds Maintenance and Facilities Supervisor have occasionally incurred sundry expenditure on minor items; these are reimbursed to the officers via the normal payments system.</p>

	Has VAT been correctly accounted for?	The council has a separate petty cash bank account which is a Community Direct Plus Account with the Co-operative Bank; a debit card is attached to this account to enable the Clerk to purchase sundry items using this method. As this account is no longer used, the council resolved to reduce the balance to £1 and transfer the balance to the Town Council's Current account at the Virgin Bank. The minimal balance continues to remain on the account to keep it "active" as the account is required by the Co-op Bank to enable it to continue to provide the Business Reserve Account.
8	<p>Do all employees have contracts of employment with clear terms and conditions?</p> <p>Are salaries to employees and all other payments and allowances paid in accordance with council approvals?</p> <p>Has PAYE and NI been correctly deducted and paid to HMRC?</p>	<p><u>Adequate payroll controls</u></p> <p><b>Findings</b></p> <p>All employees have received Contracts of Employment with clear terms and conditions.</p> <p>I have checked and agreed all monthly gross pay from April 2025 to March 2026 to employees' contractual terms and conditions, overtime worked, the 2026/26 NJC pay award (including back pay from 1st April 2025) and authorised additional on-call payments. I have also checked and agreed a sample of hours worked per time sheets to payslips.</p> <p>The timesheets for all council staff are signed as authorised by the Clerk, and the Mayor authorises the Clerk's timesheet. The Mayor also authorises, by email, the monthly payroll summary, which includes the overtime hours worked by the Clerk and all staff.</p> <p>In accordance with the External Auditor's requirements, I have checked that the correct employer's pension percentage contribution has been applied. I have checked the East Riding Pension Fund (ERPF) Actuarial Valuation from Hymans Robertson (ERPS's Actuary for 2023/24 to 2025/26) which confirms that the 19.3% being applied by the council for 2024/25 is correct for the employees who have joined the East Riding Pension Fund. For the employee who contributes to the NEST pension scheme, the percentage contributions paid agree to the NEST website.</p> <ul style="list-style-type: none"> <li>➤ The Clerk has confirmed that the revised employer's contribution of 14.8% from the 1st April 2026 to the 31st March 2029 has been forwarded to the council's payroll provider for implementation this month.</li> </ul>

		For the sample checked National Insurance and PAYE deductions have been correctly paid to HMRC each month.
9	Is the Asset and Investment Register complete and accurate and reviewed on a regular basis?	<p><u>Appropriate recording of assets</u></p> <p><b>Findings</b></p> <p>The Asset Register is maintained in the correct format on individual spreadsheets. The Clerk has confirmed that assets purchased during the year are added to the register when the invoices are paid. New additions during the year have been added to the register using the correct method of valuation, i.e. net cost, excluding VAT. Deletions during the year have been accurately recorded.</p> <p>The council does not hold any investments.</p> <p>The total value of assets, shown on the Asset Register at 31st March 2026, agrees to the declaration in box 9, Fixed Assets on the year-end AGAR.</p>
10	<p>Were bank reconciliations performed on a regular and timely basis?</p> <p>Has a year-end reconciliation been performed and balanced?</p> <p>Have all bank reconciliations been reviewed by an appointed member and evidenced as such?</p>	<p><u>Adequate bank reconciliations</u></p> <p><b>Findings</b></p> <p>The council holds six bank accounts:</p> <ul style="list-style-type: none"> <li>➤ <i>Virgin Bank - Current</i></li> <li>➤ <i>Virgin Bank - General Reserves</i></li> <li>➤ <i>Virgin Bank - Earmarked Reserves</i></li> <li>➤ <i>Virgin Bank - Winterton Community Pavilion</i></li> <li>➤ <i>Co-op Bank - Business Select Petty cash debit card a/c.</i></li> <li>➤ <i>Co-op Bank - Business Reserve</i></li> </ul> <p>The petty cash account has a debit card in the name of the Clerk which has a cash limit of £100. As noted in section 7 of this report, this account is not currently used and the balance has been reduced to £1.00 in order to enable the bank to continue to provide the Business Reserve Account.</p>

		<p>Monthly reconciliations are produced by the accounting system for all of the council's bank accounts including the internal petty cash account. These are presented to council monthly for review and authorisation.</p> <p>The bank statements for each of the council's accounts, including the Pavilion, are presented to council at the same time as the monthly bank reconciliation statements to allow for the authorising council member to compare and agree the month end balances and then also sign off the bank statements as being authorised. The Mayor initials the month-end balances on the bank statements and the respective balances on the reconciliations to evidence that the respective month-end balances agree to the reconciliations.</p> <ul style="list-style-type: none"> <li>➤ The evidencing, by initialling or signing by a nominated Councillor of the monthly bank reconciliation statements and the respective month-end balances on the bank statements, is considered to be a key control and an important part of the council's internal control environment.</li> </ul>
11	<p>Were Accounting statements 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, were debtors and creditors properly recorded?</p> <p>Has the previous Internal Audit Report been submitted to council and actioned as necessary?</p>	<p><u>Correct accounting basis and previous Internal Audit Report actioned</u></p> <p><b>Findings</b></p> <p>The year-end statements have been prepared on the correct accounting basis (Income and Expenditure) and, therefore, debtors and creditors have been included.</p> <p>The Accounting Statements agree with the cash book and there is an audit trail from underlying financial records to the year-end statements.</p> <p>The 2025/26 Interim Internal Audit Report was presented to the Town Council meeting held 14th October 2025. The minutes confirm that the report was received and the required actions and comments noted.</p>
12	<p>If the council certified itself as exempt from an External Audit Limited Assurance Review last year,</p>	<p><u>Exemption Certificate</u></p> <p><b>Findings</b></p> <p>The council, correctly, did not complete an Exemption Certificate under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015.</p>

	has it met the exemption criteria and correctly declared itself exempt?	
13	Did the council correctly provide, during the summer, the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations 2015?	<p><u>Exercise of Public Rights</u></p> <p><b>Findings</b></p> <p>I have confirmed by a review of the council's website that, during the summer of 2025, the council correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the 2015 Accounts and Audit Regulations. It is noted that the Notice of Public Rights was correctly published by the Deputy Town Clerk &amp; RFO.</p>
14	Did the council comply with the publication requirements for the previous year's AGAR?	<p><u>Publication Requirements</u></p> <p><b>Findings</b></p> <p>I have reviewed the council's website and confirmed that the Town Council published the correct documents as required by the Accounts and Audit Regulations 2015.</p>
15	Has the council complied with laws, regulations & proper practices relating to digital and data compliance?	<p><u>Digital and Data Compliance</u></p> <p><b>Findings</b></p> <p>The council's email address and website are compliant - i.e., .gov.uk, .org.uk or another council owned suffix.</p> <p>The council's website complies with the accessibility guidelines in accordance with WCAG 2.2AA.</p> <ul style="list-style-type: none"> <li>➤ It has an Accessibility Statement.</li> </ul> <p>The council has an IT Policy.</p> <ul style="list-style-type: none"> <li>➤ It was last reviewed and approved by the council on the 8th July 2025.</li> <li>➤ It applies to all individuals who use the council's IT resources, including computers, networks, software, devices and data resources including access to .gov.uk email and any associated digital storage.</li> </ul>

		<p>The council has a CCTV Data Protection Policy which was adopted in 2021 and the Clerk has confirmed that a formal Data Protection Policy will be presented to the council in May for review and approval.</p> <ul style="list-style-type: none"> <li>➤ A Data Protection Policy is a set of guidelines that organizations implement to ensure the secure and compliant processing of personal data. It outlines how data is collected, stored, processed, and shared, as well as the rights of individuals whose data is being handled.</li> </ul> <p><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>● The council should adopt a formal Data Protection Policy as soon as is practical.</li> </ul>
16	Has the council met its responsibilities as a Trustee?	<p><u>Trustee responsibilities</u></p> <p><b>Findings</b></p> <p>I have seen no evidence that the council has responsibility for managing Trust Funds and the Clerk/RFO has confirmed that this is the case.</p>

## Executive Summary

The accounts and governance arrangements of the council have continued to be maintained to a very high standard and the assistance of the Clerk of the council in the completion of this audit was much appreciated.

The internal financial control environment within the council is excellent and the consideration and adoption of the above recommendation will serve to further enhance and strengthen the governance arrangements already in place.

The Internal Audit has been conducted in accordance with the Governance and Accountability for Local Councils – Practitioners Guide 2025.

I confirm that I have no relationship or interest, financial or otherwise, with any member or officer of the council.

Richard Dixon

*Public Sector Audit*

15<sup>th</sup> April 2026

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