Internal Audit Yorkshire
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Meltham Town Council
Internal Audit Report [Year-End]

Financial Year Ending 31st March 2026

Date of Interim Visit: 25th November 2025
Date Report Issued: 06th June 2026
Prepared by: Internal Audit Yorkshire

Date of Year-End Visit: 27th May 2026
Status: Final
Internal Auditor: Ms Safia Kauser

Internal audit does not involve the detailed inspection of all records and transactions of an authority in order to detect error or fraud.

Statement of Responsibility

1.1 Background

The Accounts and Audit Regulations 2015; 5 (1) require a relevant authority 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.' The Governance and Accountability Practitioners Guide is regarded as the 'non-statutory' guidance referred to within the above act. A copy of the guide is available from the National Association of Local Councils website. Smaller authorities in England must complete an Annual Return and an Annual Governance Statement to the public. The Annual Return must be submitted to the external auditor within the statutory deadline of 30 June.

1.2 Purpose of Internal Audit

Internal auditing is an independent, objective assurance activity designed to improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Internal auditing tests the continuing existence and adequacy of the authority's internal controls. The internal audit function must be independent from the management of the financial controls and procedures of the authority which are the subject of review. The person or persons carrying out internal audit must be competent to carry out the role in a way that meets the business needs of the authority. It results in an annual assurance report to members designed to improve effectiveness and efficiency of the activities and operating procedures under the authority's control. Managing the authority's internal controls is a day-to-day function of the authority's staff and management, and not the responsibility of internal audit.

1.3 Responsibility

The internal audit work was undertaken in accordance with the agreed scope of assignment and in accordance with the letter of engagement. The council as a corporate body is responsible for ensuring that council business is conducted in accordance with the law, regulations and proper practices and that public money is safeguarded and properly accounted for. This report and findings are based on the information that was made available during the course of the audit. The matters raised in this report should not be read as a comprehensive statement of all the weaknesses identified or all improvements to be made. Internal Audit work should not be relied upon to identify all circumstances of fraud and irregularity, should there be any. Internal audit does not involve the detailed inspection of all records and transactions of an authority in order to detect error or fraud.

1.4 Our Objectives, Programme of Work & Independence Statement

Our work during the interim visit and the year-end visit will enable us to reach judgements on the internal control objectives in the Annual Internal Audit Report which forms part of the Councils Annual Governance and Accountability Return [AGAR]. The Internal audit report should inform the authority's responses to Assertions 2 and 6 in the Annual Governance Statement that forms part of the Annual Governance and Accountability Return [AGAR]. This internal audit report should therefore be made available to support and inform members considering the authority's approval of the annual governance statement. The internal auditor is independent of the financial management of the authority and competent to carry out this internal audit.

Our Scope of Work During the Audit

1.1 The following areas were covered during the interim visit in November 2025:

- Accounting Records
- Payment Controls [Standing Orders, Financial Regulations, Expenditure Testing & VAT]
- Petty Cash [Not applicable]
- Payroll Controls and Members Allowances
- Bank Reconciliations

1.2 The following areas were covered during the year-end audit in May 2026:

- Risk Management
- Budgetary Controls and Financial Health
- Income Controls including the precept
- Asset and Investment Registers
- Year-End Bank Reconciliation & Accounting Statements Y/E 31st March 2026
- Publication Requirements in Accordance with the Relevant Legislation
- Exercise of Public Rights (Previous Year 2024/2025)
- Annual Governance & Accountability Return [AGAR] Publication Requirements (Previous Year 2024/2025)
- Data Compliance – New Assertion
- Trust Funds

1.3 We would like to thank the Town Clerk & Responsible Financial Officer Mark Brook for all his help and assistance during the audit.

Risk Management

Internal Control Objective: This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

Aim: To obtain assurance that risk management arrangements are adequate to manage all identified risks.

Internal Audit Testing	Compliance	Comments / Recommendations
Annual risk assessment carried out? Does this include all financial and non-financial risks? Does this include business continuity arrangements in the absence of key personnel?	Yes	The council carried out an annual review of its risk register during the year, and the updated register was formally approved by Full Council. The council has also adopted a Risk Management Strategy, which outlines the risk management process, the approach to assessing risks, and the use of a risk matrix. Last year's internal audit recommended that improvements are made to the risk register by clearly identifying: • the current controls in place for each risk, and • any additional controls required, including timescales for implementation. This recommendation has not yet been implemented. The register continues to use a single column titled *"What actions have been taken or are being considered"*, which does not distinguish between existing controls and proposed future actions. As a result, it is not possible to determine whether risks are being effectively managed or whether further mitigation is required to bring them within the council's risk appetite. The risk relating to the sudden loss of the Clerk is included within the register and assessed as a medium risk. The stated control is to "*continue to develop documented handover guides and clear policies/procedures, recorded digitally in the form of a formal risk assessment*". However, it is unclear whether these controls have been completed, partially implemented, or remain outstanding. The absence of this clarity makes it difficult to assess the council's resilience in the absence of key personnel. The register does cover a broad range of financial and non-financial risks, including employment, health and safety, data protection, assets, and statutory compliance. Risks are assessed using a simple low/medium/high rating, which is appropriate provided that the underlying controls are clearly documented.

		RECOMMENDATION 1: **The risk register should be updated to clearly separate the current controls already in place, and additional actions required to reduce the risk to an acceptable level along with target dates.**
GDPR and back-up data? Is there a password list and business continuity plan?	Yes	**GDPR Arrangements** The council has several GDPR-related policies published on its website, including Data Protection, Privacy Notices, Data Audit, Data Breach Policy & Reporting Procedure (Security Incident). These documents demonstrate that the council has taken steps to meet its obligations as a data controller. **Back-up Data Arrangements** The Finance committee minutes dated 25th June 2025 were reviewed and it is noted that members considered if any amendments were required to the risk register. It is noted in the minutes that the Clerk discussed the back-up of files and that the Cloud was sufficient. It is further minuted that Cllr Noon advised looking into the Cloud archiving which the Clerk will pursue. The risk register identifies “IT failure or cyber security breach” as a medium risk, with the current mitigation listed as ‘Cloud Back-up’. The register also includes an action to ‘Purchase an additional backup system’, indicating that the council recognises the need for a more robust solution. During the audit, the Clerk confirmed that while files are accessible remotely via Microsoft 365, there is no formal IT support arrangement and no independent or automated back-up system beyond the standard cloud environment. This means the council may be vulnerable in the event of: • A cyber-attack • Accidental deletion • Microsoft service disruption • Ransomware or data corruption A secure back-up solution such as an encrypted external back-up or a managed cloud-to-cloud service should be set up and recorded in the risk register. This will support both cyber security and disaster recovery.

		RECOMMENDATION 2: **The council should implement a back-up solution which should be documented in the risk register and reviewed at least annually.** **<u>Business Continuity Plan & Password List</u>** A Business Continuity Plan helps the Council manage risks such as the unexpected absence of key staff or incidents like fire or flood. There is currently no business continuity plan in place and it is recommended that this risk is covered within the main risk register and that a plan is developed and reviewed annually. A YLCA template may be available. **RECOMMENDATION 3:** **That the council develops a business continuity plan and password list. A template document may be available from YLCA.**
Have the assets been inspected for risk and H&S purposes and do inspection records exist? Is there appropriate monitoring in place? (Play areas, sports pitches, open spaces etc).	Yes	The council continues to engage an external contractor to carry out routine visual inspections of the park and open spaces, public toilets, outdoor furniture, and play equipment. In addition, a specialist external company is appointed to complete quarterly play area inspection reports, providing an appropriate level of independent monitoring for higher-risk assets. A discussion was held with the Clerk regarding wider health and safety risk assessments, including those relating to the allotments. The Clerk confirmed that a risk assessment has been drafted and will be formally adopted following a site visit. Overall, inspection arrangements are in place, but some documentation such as the allotment risk assessment, remains in progress and should be finalised to ensure full compliance.
Is the level of Insurance cover appropriate and adequate?	Yes	The councils insurance cover is in place for the period 1st April 2025 to 31st March 2026 under a long-term agreement due to expire on 1st April 2026. The council holds appropriate insurance for its principal risks, including Employers' Liability, Public Liability, legal expenses, fidelity guarantee, libel and slander, personal accident, and a schedule of insured assets. However, the level of fidelity guarantee cover is set at £250,000 which is too low, as it does not cover the full value of the council's cash and investment balances. There is no cover in place for cyber security. Cyber cover can provide essential support following a cyber incident, including assistance with data recovery, system restoration, and specialist response services, depending on policy terms. The absence of such cover leaves the council exposed to operational and financial risks associated with cyber attacks.

		RECOMMENDATION 4: **a) That the council considers increasing its level of fidelity guarantee insurance to ensure it fully covers the council's maximum cash balances.** **b) That the council considers obtaining cyber-security insurance to provide protection and recovery support in the event of a cyber attack.**
Has the Council carried out a review of the effectiveness of internal controls?	Yes	Regulation 6 of the Accounts and Audit Regulations 2015 requires the council to conduct each financial year a review of the effectiveness of the system of internal control. The review assists the council to respond to the Annual Governance Statement, Assertion two. The council continues to operate a policy that sets out its approach to assessing the effectiveness of internal controls. This is supported by an internal control checklist, which is completed by councillors undertaking the review. The internal controls checks were carried out during the year in October and March, and the outcomes were formally reported to Full Council. It is noted that no further actions were identified.

Budgetary Controls And Financial Health

Internal Control Objective: The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

Aim: Verify the annual precept request is the result of a proper budget process, that budget progress has been regularly monitored and the Councils reserves are appropriate.

Internal Audit Testing	Compliance	Comments / Recommendations
Is there an annual budget to support precept? Has the budget been discussed and adopted by council? Is the precept demand correctly recorded in the minutes?	Yes	The Clerk prepared the initial draft annual budget, which was reviewed by the Finance Committee. The Committee requested amendments, including a £30,000 reduction to the parks and upkeep budget to reflect anticipated lower costs associated with the Meltham Recreation asset transfer. It is also noted that the RAMP Phase 2 capital management plan was deferred. Further adjustments were requested at the December Finance meeting, and members were advised to earmark funds where appropriate. Capital priorities for 2026/2027 were also deferred pending further consideration. During the audit, the budget documentation presented to members were reviewed with the Clerk. The main management accounts report contained a three-year budget overview; however, this was based on budget lines only and did not incorporate actual year-to-date expenditure for each heading. Instead, the year-to-date expenditure report generated separately from the Scribe system was used to inform year end calculations for the 2025/2026 financial year. Precept testing was undertaken with the Clerk. While some figures reconciled to the supporting papers, last year's audit recommendation to review the opening balances for 2025/2026 and assess the level of reserves had not been fully implemented. The council has not taken account of the actual opening balance at 1st April 2025 (AGAR Box 7), resulting in projections that were not fully realistic and contributing to significant underspends. As a result, the council's overall financial position was not fully considered, leading to a substantial accumulation of reserves.

Our precept findings below confirm the figures which were agreed to underlying budget documentation.

Opening Cashbook Balance 01 April 2025 (box 7 carry forward)	**£286,355**	**A**	Actual
Actual Precept Received 2025/2026	£222,012	B	agreed
Projected Income 2025/2026 (not inc the precept)	£4,075	C	agreed
Projected Expenditure 2025-26 (ex EM reserves)	£196,235	D	agreed
Projected Expenditure EM Reserves 2025-26	£0		
Total	**£316,207**	A + B + C - D	
Earmarked Reserves	£95,198	E	agreed
General Reserves 2025/2026	£119,605	F	agreed
Projected Balance at 31 March 2026 - Contribution towards 26-27 Budget	£101,404	G	
Projected Year End Balances 31st March 2026	**£316,207**	E + F + G	
Projected Opening Balance 01st April 2026	£316,207	A	
Agreed Income Budget 26/27 (less precept)	£3,922	B	agreed
Agreed Expenditure Budget 26/27	£242,105	C	agreed
Earmarked Reserves 2026/2027	£95,198	D	agreed
General Reserves 2026/2027	£221,009	E	
Projected Closing Balance - To be raised via Precept 2026/2027	**-£238,183**	A+B-C-D-E= Precept	agreed

The precept of £238,183 was agreed by Full Council at the meeting held on the 26th January 2026 (minute reference 10 – 25/182)

RECOMMENDATION 5:
That the council makes use of the budgeting module within the Scribe accounting software and that the councils overall financial position is considered as part of the budget and precept setting.

<table>
<tr>
<td>Are the level of reserves within Proper Practice? I.e. between 3 and 12 months running costs. Does the council have any specific earmarked reserves and have these been reviewed? Does the council have a Reserves Policy?</td>
<td>See findings</td>
<td>
<p>Further analysis an audit testing was carried out using the actual year-end position at 31st March 2026, which confirmed that the council’s reserves are significantly above the recommended level of 25% of the precept (approximately £60,000). It is acknowledged that allocations for major capital projects and repairs and renewals reserves have not yet been established.</p>
<table>
<tr><td>Opening Cash Balance 01.04.2026</td><td>£332,462</td><td>Draft AGAR Year End Position 31.03.2026</td></tr>
<tr><td>Agreed Income Budget 26/27 (less precept)</td><td>£3,922</td><td></td></tr>
<tr><td>Agreed Expenditure Budget 26/27</td><td>£242,105</td><td></td></tr>
<tr><td>Earmarked Reserves 2026/2027</td><td>£95,198</td><td></td></tr>
<tr><td>General Reserves 2026/2027</td><td>£237,263</td><td></td></tr>
<tr><td>Projected Closing Balance - To be raised via Precept 2026/2027</td><td>-£238,183</td><td></td></tr>
</table>
<p>RECOMMENDATION 6:</p>
<p>a) The council should establish appropriate earmarked reserves to fund future repairs and renewals of key assets, including play equipment, public toilets, and other council-owned infrastructure. Consideration should be given to developing a strategic plan for Phase 2 of the RAMP project, with the associated costs clearly identified and linked to dedicated earmarked funds.</p>
<p>b) That the general reserves are maintained at a level consistent with the guidance set out in the Governance and Accountability Practitioners Guide.</p>
<p><u>Reserves Policy</u></p>
<p>A review of the council’s Reserves Policy identified several areas where the policy does not fully comply with proper practices as set out in the Governance and Accountability Practitioners Guide. While the policy includes a general explanation of reserves and references to the recommended range of three to twelve months of net revenue expenditure, it does not clearly demonstrate how the council determines its own reserve levels based on size, risk, and operational activity.</p>
</td>
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The Guide sets out the following key principles:

- *The general reserve of an authority comprises its cash flow and contingency funds to cover unexpected inflation, unforeseen events and unusual circumstances.*

- *The generally accepted recommendation with regard to the appropriate minimum level of a smaller authority's general reserve is that this should be maintained at between three and twelve months of net revenue expenditure.*

- *The reason for the wide range is to cater for the large variation in activity level between individual authorities. The smaller the authority, the closer the figure may be to 12 months expenditure, the larger the authority, the nearer to 3 months. In practice, any authority with income and expenditure in excess of £200,000 should plan towards 3 months equivalent general reserve.*

- *In all of this it is important that each authority adopt, as a general reserve policy, the level appropriate to their size, situation, risks and plan their budget so as to ensure that the adopted level is maintained. Consideration of the minimum level of reserves requires not only consideration of level of income and expenditure but also the risks to that income.*

The policy notes that the council holds around 4.5 months of general reserves, but it does not define an adopted minimum level or explain how this figure relates to the council's risks or financial activity. It does not include controls to prevent reserves becoming too high and does not set out how reserve levels will be reviewed through the budget process. In addition, the policy provides examples of earmarked reserves but provides no criteria for creating, reviewing, or linking them to specific risks, projects, or long-term plans such as RAMP Phase 2. As a result, the policy does not provide sufficient assurance that reserves are being managed strategically or in line with proper practices.

RECOMMENDATION 7:
That the council reviews its Reserves Policy to clearly define its minimum general reserve level and explains how this is linked to the council's size, risks, and financial activity. The policy should also set out a clear criteria for creating and reviewing earmarked reserves, ensuring they are linked to specific risks, projects, and long-term plans such as RAMP Phase 2. This will help ensure reserves are managed appropriately and in line with proper practices.

Is the budget against spend comparisons provided regularly to the Council? I.e. quarterly basis? Any unexpected variances?	Yes	Actual expenditure versus the agreed budget was routinely reported to the council during the year, providing members with regular oversight of the council's financial position. The council must ensure that the annual budget is realistic, as repeated or significant underspends suggest that budget lines may not accurately reflect operational requirements. Underspending can result in the unnecessary accumulation of reserves, which should be monitored and managed in accordance with proper practices set out in the Governance and Accountability Practitioners' Guide.

Income Controls Including the Precept

Internal Control Objective: Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for

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

Internal Audit Testing	Compliance	Comments / Recommendations
Does the precept approved agree to the Council Tax authority's notification and has this been received and banked?	Yes	The councils precept of £222,012 was confirmed on the government public record of precepted amounts. This was received in one instalment on the 01st May 2025 in the Co-op Bank account.
Does the council receive any other income in addition to the precept? Is the income properly recorded and banked? Are any bad debts written off and reported to the council?	Yes	The council received several other income streams in addition to the precept. At the financial year-end these included: • £1,976.63 – Civic (Mayors Event) • £2,028.36 – Over 70's Event • £3,374.23 – Town Centre Enhancement Fund • £1,885.74 – Allotments & Other Rent • £2,752.99 – Bank Interest • £27,712.00 – Grant Income • Other miscellaneous and sundry income Based on our limited audit testing, the council's income controls were found to be operating adequately, with income properly recorded and banked in a timely manner. Bad Debts The Clerk confirmed that there were no bad debts requiring write-off during the year.

Has the council correctly invoiced for any sales and is the correct rate of VAT applied? (if applicable). Is there any indication that the council should register for VAT?	Yes	The council is VAT registered, and sales invoices are issued via the Scribe accounting system. A sample of invoices were reviewed during the audit, and were found to be properly recorded within Scribe, with supporting receipts and documentation linked to the corresponding income entries. The system provides an adequate audit trail and ensures income is monitored and updated accurately. Invoices issued for the Civic Dinner included the correct VAT breakdown, and the appropriate VAT rate had been applied. Based on our limited audit testing, there was no indication that the council is failing to apply VAT correctly.

Asset And Investment Registers

Objective: Asset and investments registers were complete and accurate and properly maintained

Aim: To provide assurance that all material assets are accounted for correctly

Internal Audit Testing	Compliance	Comments / Recommendations
Does the asset register include additions and disposals to allow tracking from prior year to the current year? Compare the Asset Register value reported in section 2, box 9 prior year reported figure, adjusted to include new assets / and/or disposals. **Ensure that the Asset Register value corresponds to box 9 of the Annual Return?*	See findings	The asset register continues to be maintained on the Scribe accounting software. The asset register value reported in Box 9 of the AGAR for the year ending 31st March 2025 was £291,593.33. This reflects the correction made following last year's internal audit recommendation, where a discrepancy had been identified between the value recorded in Box 9 and the value held on Scribe. The Clerk confirmed that a full review was undertaken to ensure the reported figure corresponded with the register. The updated asset register on Scribe now records a total value of £299,404.95 at 31st March 2026, which matches the figure reported in Box 9. This represents a variance of £7,811.62. £299,404.95 – Asset Register value reported in Box 9 at 31st March 2025 (matches register value on Scribe) Value of changes total £7,811.62 A reconciliation of asset value changes were reviewed with the Clerk during the audit and the changes are detailed below.

Additions

- £357.60 – 4 Drawer Silver Filing Cabinets x 2
- £120.00 – x2 Black Mesh Chairs
- £5,064.23 – Christmas lights v1 (2025)
- £1,200.00 – Christmas lights v1 (2025)
- £178.80 – RH 1800x1200mm L Shaped Desk in Oak
- £132.00 – Straight 1400x1200mm Workstation in Oak
- £141.60 – Tall Underdesk 3 Drawer Pedestal
- £333.26 – Viking Energi-24 Office Chair
- **£7,527.49 – Total Additions 2025/2026 (tracked on the Asset register)**

Disposals

- £980.00 – 2 Prunus Serrula (not a fixed asset) (plants)
- £705.00 – 3 Amelanchier Robin Hill Clear Stem Plants (not fixed asset) (plants)
- £184.00 – 8 Cornus mid-winter fire 10L pots
- £465.00 – 3 multi-stem betelua jaques montii 10 litre pots
- £3,070 – Timber vertical slat fence (clerk confirms this item does not exist)
- £209.19 – Laptop Council Meetings
- **£5,613.19 – Total Disposals**

Changes to Asset Values – Restatement of Previous Year Assets

Several assets were restated. These include the following changes reported by the Clerk.

- £5,400 – Toddler Swing (was not previously recorded on the asset register, added in the 2025/26 asset register. Asset was purchased in 2024 however was not recorded in the 2024/2025 register)
- £439.99 – Purchase value changed from £615.11 (reduction of £175.12) Book-case for filing. The reason for the change, the Clerk could not find a purchase invoice.
- £4,792.44 – Christmas Lights (20/12/2024) – value changed from £4,120 (value increased by £672.44 to confirm the actual purchase cost).

It is noted that several assets were disposed, however these were not recorded in the disposals register function available within Scribe. The Clerk/RFO has confirmed that he has in error deleted the assets to remove them off the register.

Update to Restatement Section (Clerk's Clarifications) – 11th June 2026

Following receipt of further clarification from the Clerk, the restatement section has been updated as follows:

		• **Timber Vertical Slat Fence (£3,070)** — Incorrectly added to the 2024/25 register and removed in 2025/26 following an asset check; now included in the restatement section. • **Bookcase (£439.99)** — Removed from the restatement section. The Clerk has confirmed the 2024/25 value of £615.11 was correct as it represented two filing cabinets and a bookcase purchased together. The 2025/26 re-pricing relates only to the bookcase and does not affect the prior year figure. The Clerk will need to ensure that the restated 2024/25 values correspond with the revised asset register on Scribe and that the supporting explanations are provided to the external auditor. **RECOMMENDATION 8:** **That the disposal of assets are correctly recorded in the disposals register for audit purposes and accompanied with the authorisation approval from the council.** **RECOMMENDATION 9:** **That the council considers developing and adopting an Asset Register & Disposal Policy having regards to the principals set out in the Governance and Accountability Practitioners Guide.**
Does the asset register record the purchase and if practicable the replacement value of individual assets for insurance purposes and to assist in forward planning for asset replacement?	Yes	The asset register included a current value column for insurance/replacement purposes. The insurance policy included an insured list of assets.
Have the assets been physically verified to confirm their condition and existence?	Yes	A physical check of assets has been carried out by the Clerk and reported to the Finance committee.
Does the register of assets correspond to the insurance schedule to ensure that all assets are insured or self-insured by the council?	Yes	It is noted that the Town Hall was removed from the insurance policy following its sale. The Clerk has provided the insurance company with the latest changes to the insured list of assets to include the new purchases during the year.

Does the council have any Fixed Asset Investments? **Ensure that all long-term investments (ie those covered more than 12 month terms) are covered by the Investment Strategy and reported as Assets in the AGAR at section 2, line 9*	NA	Not applicable
Borrowing & Lending: Does the council have any borrowing and lending in place?	NA	Not applicable

Periodic Bank Reconciliations

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

Aim: To provide assurance that bank reconciliations were carried out on a regular basis and reported to Council.

Note: Please refer to the interim internal audit report for the findings in this control area. The remaining internal audit testing was carried out at the year-end audit to reach a conclusion on the internal audit response.

Internal Audit Testing	Compliance	Comments / Recommendations
Bank Reconciliation to the 31 March?	Yes	A year-end bank reconciliation was carried out for the 31st March 2026 and the balances were verified against the bank statements. These are detailed below: • £223,336.65 – Co-op Current Account • £116,752.99 – Hampshire Account • £340,089.64 – Total cash balances as at 31.03.2026 – verified against the bank statements.

Accounting Statements

Internal Control Objective: 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.

Aim: Obtain assurance that accounts prepared on correct statements (income and expenditure, debtors and creditors, over £200,000) or (summary receipts and payments, under £200,000) and that working papers can be followed through to final document

Internal Audit Testing	Compliance	Comments / Recommendations
Year-end accounts prepared on correct accounting basis? Is there an underlying financial trail from records to presented accounts? Do the Bank statements and ledger reconcile at 31 March?	Yes	The internal auditor is required to verify that the detail recorded in the accounting statements reflects the detail in the accounting records maintained for the financial year. This does not require the internal auditor to verify the detail disclosed in the accounting statements. The year-end accounts were prepared on an income and expenditure basis by the Clerk/RFO using the Scribe accounting software. During the review of the draft figures, it was identified that Box 5 required amendment to remove a loan balance, as no loan is applicable to the Council, and that Box 6 required correction. This issue was resolved during the audit, and it was identified that the Scribe software had incorrectly linked the payments to the wrong box within the year-end accounting statements. All other figures reviewed were supported by the underlying financial records, and the bank statements and ledger reconciled as at 31 March.
Do the comparative figures agree with last year's statements on the AGAR accounting statement?	Yes	These were reviewed and had been recorded correctly on the form.
Is the explanation of significant variances from completed? • *Explanations are now required for all variances of £100,000 or more regardless of the % variance. All responses should comprise both narrative and numerical explanations.*	Yes	This form is part of the submission requirements for external audit and requires a numerical and narrative explanation of any variances of 15%. This form was found to be completed by the RFO and is subject to review by the external auditor.
Is there a reconciliation between boxes 7 and 8? Where appropriate are debtors and creditors properly recorded? *Details of the year-end adjustments should be provided, showing how the net difference between them is equal to the difference between Boxes 7 and 8.*	Yes	**There should only be a difference between Box 7 and Box 8 where the Accounting Statements (Section 2 of the AGAR) have been prepared on an income and expenditure basis and there have been adjustments for debtors/prepayments and creditors/receipts in advance at the year end.* A detailed breakdown of the year-end adjustments was prepared by the Clerk and could be followed through to the underlying documentation.

Legislative Publication Requirements

Internal Control Objective 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.

Aim: Obtain assurance that the council has complied with the publication of the AGAR for the last five years; compliance with the Local Government Data Transparency Code and Freedom of Information Act, Publication Scheme.

Note: Testing has been carried out to seek assurance on the publication requirements of the Accounts and Audit Regulations 2015 - Section 13 (2) (b) to ensure that Councils display the AGARs for the five years 2020-21, 2021-22, 2022-23, 2023-24, 2024-2025 on their website and compliance with the Local Government Data Transparency Code (if applicable) and Freedom of Information Publication Scheme.

See link to Transparency Code: https://www.gov.uk/government/publications/local-government-transparency-code-2015/local-government-transparency-code-2015#annex-a-summary-of-all-information-to-be-published

Internal Audit Testing	Compliance	Comments / Recommendations
Publication Requirements in accordance with the Local Government Data Transparency Code (This code has been issued in accordance with Local Government, Planning and Land Act 1980, Section 3) • Transparency Code for smaller authorities ie: annual turnover not exceeding £25,000	See findings	This Code is issued by the Secretary of State for Communities and Local Government in exercise of his powers under section 2 of the Local Government, Planning and Land Act 1980 (“the Act”) to issue a Code of Recommended Practice (the Code) as to the publication of information by local authorities about the discharge of their functions and other matters which he considers to be related. It is issued following consultation in accordance with section 3(11) of the Act. Audit testing was carried out using the data available on the Town Council website and Data Transparency webpage. See link: **1)** Expenditure Exceeding £500: Quarterly Publication. (no later than one month after the quarter to which the data and information is applicable) **Finding:** Data was published on the website, see link: Finance and Accounts - Meltham Town Council **2)** Government Procurement Card Transactions: Quarterly Publication (no later than one month after the quarter to which the data and information is applicable) **Finding:** This is not applicable to the Town Council **3)** Procurement Information (invitation to tender for contracts to provide goods and/or services with a value that exceeds £5,000): Quarterly Publication (no later than one month after the quarter to which the data and information is applicable) ; Details of any contract[footnote 23], commissioned activity, purchase order, framework agreement and any other legally enforceable agreement with a value that exceeds £5,000[

Finding - Invitation to Tender: This information could not be found on the website. If no such contracts or procurement activity occurred during the financial year, it is recommended that the Council publishes a clear statement on the Finance page confirming that no invitations to tender for contracts above £5,000 were issued or considered during the year.

Finding - Contract Agreements Exceeding £5,000: This information could not be found on the Council's website. If no contracts exist that exceed £5,000, it is recommended that the Council publishes a clear statement on the Finance page confirming this. For each contract exceeding a value of £5,000 the following information must be published:

- reference number
- title of agreement
- local authority department responsible
- description of the goods and/or services being provided
- supplier name and details
- sum to be paid over the length of the contract or the estimated annual spending or budget for the contract[footnote 25]
- Value Added Tax that cannot be recovered
- start, end and review dates
- whether or not the contract was the result of an invitation to quote or a published invitation to tender, and
- whether or not the supplier is a small or medium sized enterprise and/or a voluntary or community sector organisation and where it is, provide the relevant registration number[footnote 26]

4) Local Authority Land: Annual Publication (no later than one month after the year to which the data and information is applicable)

Finding: This information was located on the Council's website, see link: MTC-Buildings-and-Land-Held-Register.pdf; however, the Unique Property Reference Number (UPRN) was not included. The Transparency Code requires publication of the UPRN for land and building assets. This is a location-based identifier issued by GeoPlace and is distinct from a Land Registry title number, which relates to legal ownership.

RECOMMENDATION 10:
That the Land and Property Publication details include the Unique Property Reference Number.

5) Social Housing asset value: Annual Publication (no later than one month after the year to which the data and information is applicable)

Finding: This is not applicable to the Town Council.

6) Grants to voluntary, community and social enterprise organisations: Annual Publication (no later than one month after the year to which the data and information is applicable)

Finding: This was found to be published on the website, see link: Local government transparency code 2015 - GOV.UK However it is recommended that the data is clearly published to demonstrate that it meet the publication requirements set out in the code.

7) Organisation Chart: Annual Publication (no later than one month after the year to which the data and information is applicable).

Finding: This was not applicable to the Town Council as there is no employee whose remuneration is over £50,000.

8) Trade Union Facility Time: Annual Publication (no later than one month after the year to which the data and information is applicable)
Finding: This was not applicable to the Town Council.

9) Parking Account: Annual Publication (in relation to the parking account data, where the local authority accounts have not been finalised, the authority should publish estimates within one month after the year to which the data is applicable and subsequently publish final figures as soon as the authority's accounts are finalised)

Finding: This was not applicable to the Town Council.

10) Parking Spaces: Annual Publication (no later than one month after the year to which the data and information is applicable).

Finding: This was not applicable to the Town Council.

11) Senior Salaries: Annual Publication (no later than one month after the year to which the data and information is applicable)

Finding: This was not applicable to the Town Council as there is no employee whose remuneration is over £50,000.

		12) Constitution: Annual Publication (no later than one month after the year to which the data and information is applicable). Not applicable. It is our interpretation that the definition of a local authority under section 9P refers to a County Council, District Council or a London Borough Council. The definition is referred to within section 9R(1) in relation to Part 1A see link: https://www.legislation.gov.uk/ukpga/2000/22/part/1A . **13)** Pay Multiple: Annual Publication Not applicable. This information is required to be published in accordance with section 38 of the Localism Act 2011. Section 43 provides an interpretation of a relevant authority and this does not include a parish council, see link: https://www.legislation.gov.uk/ukpga/2011/20/section/43/enacted **14)** Fraud: Annual Publication (no later than one month after the year to which the data and information is applicable) **Finding:** This was not applicable to the Town Council. **15)** Waste Contracts: One-off publication. Details of waste contracts must be published in accordance with paragraph 32 of the code which requires the following information: • reference number ; title of agreement • local authority department responsible • description of the goods and/or services being provided • supplier name and details • sum to be paid over the length of the contract or the estimated annual spending or budget for the contract • Value Added Tax that cannot be recovered • start, end and review dates • whether or not the contract was the result of an invitation to quote or a published invitation to tender, and • whether or not the supplier is a small or medium sized enterprise and/or a voluntary or community sector organisation and where it is, provide the relevant registration number **Finding:** A waste contract note was published on the website which does not meet the publication requirements set out in the code, see link: Kirklees-Waste-Transfer-Notice-2026-27.pdf **RECOMMENDATION 11:** **That the waste contract details are published in accordance with the Publication Requirements set out in the Code.**

Publication of the AGAR for the last five years in accordance with the Accounts and Audit Regulations 2015, section 13 (2)?	Yes	**2020/21:** Yes – see links: https://melthamtowncouncil.gov.uk/wp-content/uploads/2021/11/aaa.pdf https://melthamtowncouncil.gov.uk/wp-content/uploads/2021/11/WY0050-S3-004.pdf **2021/22:** Yes – see links: https://melthamtowncouncil.gov.uk/wp-content/uploads/2022/05/ANNUAL-GOVERNANCE-STATEMENT-2021-22-SECTION-1.pdf ; https://melthamtowncouncil.gov.uk/wp-content/uploads/2022/05/ACCOUNTING-STATEMENTS-21-22-SECTION-2.pdf https://melthamtowncouncil.gov.uk/wp-content/uploads/2022/07/AUDITED-SECTION-1-AND-2-EXTERNAL-AUDIT-REPORT-AND-CERT.pdf **2022/23:** Yes – see links: https://melthamtowncouncil.gov.uk/wp-content/uploads/2023/06/Annual-Governance-Statement-22-23-Section-1.pdf https://melthamtowncouncil.gov.uk/wp-content/uploads/2023/06/Accounting-Statements-2022-23-Section-2.pdf https://melthamtowncouncil.gov.uk/wp-content/uploads/2023/09/WY0050-S3.pdf **2023/24:** Yes – see links: https://melthamtowncouncil.gov.uk/wp-content/uploads/2024/09/AGAR-Section-1.pdf ; https://melthamtowncouncil.gov.uk/wp-content/uploads/2024/09/AGAR-Section-2.pdf ; https://melthamtowncouncil.gov.uk/wp-content/uploads/2024/09/WY0050-S3.pdf **2024/25:** Yes – see links: https://melthamtowncouncil.gov.uk/wp-content/uploads/2025/06/AGAR-Form-3-Section-1.pdf ; https://melthamtowncouncil.gov.uk/wp-content/uploads/2025/06/AGAR-Form-3-Section-2.pdf ; https://melthamtowncouncil.gov.uk/wp-content/uploads/2025/09/AGAR-Form-3-Section-3.pdf
Freedom of Information Act – Has the Council adopted a Publication Scheme?	Yes	**See link:** https://melthamtowncouncil.gov.uk/wp-content/uploads/2023/11/MTC-Publication-Scheme-November-2023.pdf

Publication Requirements – Exercise of Public Rights 2024-2025

Internal Control Objective M: In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations *(during the 2025/26 AGAR period, were public rights in relation to the 2024-25 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).*

Aim: Obtain assurance that the Council has advertised the dates for the inspection of public rights correctly.

Internal Audit Testing	Compliance	Comments / Recommendations
Do arrangements for public inspection of council's records exist? Evidence of public inspection notice seen? And website address.	Yes	The inspection window must include a 30-working day period including the first 10 working days of July following the end of the financial year to which the accounts relate. See link: 16-Making-provision-for-the-exercise-of-public-rights-2024-25-1.pdf

Publication Requirements AGAR (previous year)

Internal Control Objective N: The authority has complied with the publication requirements for 2024/2025 AGAR *(see AGAR Page 1 Guidance Notes).*

Aim: Review evidence for publication (form 3): AGAR to be approved and published by 01 July 2025 at the very latest. External Audit Certificate and Conclusion of Audit of Notice to be posted on the council website by 30 September 2025.

Internal Audit Testing	Compliance	Comments / Recommendations
Before 01 July 2025, the authority should have published: a) Notice of the period of exercise rights and a declaration that the accounting statements are as yet unaudited.	Yes	See link: 16-Making-provision-for-the-exercise-of-public-rights-2024-25-1.pdf
b) Section 1 the Annual Governance Statement approved and signed page 4	Yes	See link: https://melthamtowncouncil.gov.uk/wp-content/uploads/2025/06/AGAR-Form-3-Section-1.pdf
c) Section 2 the Accounting Statements approved and signed page 5	Yes	See link: https://melthamtowncouncil.gov.uk/wp-content/uploads/2025/06/AGAR-Form-3-Section-2.pdf

Not Later than the 30 September: d) Notice of conclusion of audit	Yes	See link: [Notice-of-conclusion-of-audit-2023-24.pdf]
e) Section 3 – External Auditor Report and Certificate	See findings	See link: https://melthamtowncouncil.gov.uk/wp-content/uploads/2025/09/AGAR-Form-3-Section-3.pdf
f) Sections 1 and 2 of AGAR including any amendments as a result of the limited assurance review.	N/A	Not applicable

Digital & Data Compliance

Internal Control Objective: The authority has complied with laws, regulations & proper practices relating to digital and data compliance

Internal Audit Testing	**Compliance**	**Comments / Recommendations**
Ensure that the Local authority has a single generic email in the name of the council as minimum. (.gov/.org)	Yes	Council employees and councillors have council email addresses in the name of the council which is operating on the .gov.uk domain.
Does the council have an accessibility website statement? When was the last test carried out?	Yes	The accessibility statement is published on the website, see link: Accessibility Statement for Meltham Town Council - Meltham Town Council This website was last tested on 4th February 2026 against the WCAG 2.2 AA standard. The test was carried out by our Town Clerk & RFO, Mark Brook, using Wave and other tests.
Has the council prepared and formally adopted a data protection policy that is reviewed at least once annually? When did the council last complete a data audit?	Yes	**Data Protection Policy** The council has adopted a Data Protection Policy, which is available on the council's website. This complies with the requirement to have a formally approved policy in place. See link data-protection-policy-feb-2026.pdf

		Data Audit A data audit is a key component of effective data governance and is necessary to identify what personal data the council holds, the purposes for which it is used, how it is stored, and the lawful basis for processing. Regular data audits help ensure compliance with the UK GDPR and the Data Protection Act 2018. The council have conduced a data audit and a copy was published on the Council website, see link: Data-audit-FEB-2026.pdf
Does the local authority has up to date IT policy in place?	See Findings	The Governance and Accountability Practitioners Guide requires each authority to maintain an IT Policy that sets out how councillors, the clerk, and other staff must conduct council business in a secure and lawful manner when using IT equipment and software. This requirement applies to both authority-owned and personal devices used for council purposes. The Council has an IT & Email Policy that sets out expectations for secure and lawful use of IT systems by councillors, staff, volunteers and contractors. However, the policy does not explicitly address the use of personal devices for council business, including minimum security requirements. The Practitioners' Guide requires authorities to ensure that secure and lawful conduct applies to both authority owned and personal devices used for council purposes. See link to Policy: IT-Email-Policy-Jan-2026.pdf **RECOMMENDATION 12:** **That the IT & Email Policy is updated to include a clear section on the use of personal devices (BYOD), setting out permitted use, security requirements, and expectations for handling council data on non-council equipment.**
Internal Audit Response: This control objective has been assessed as 'No' as the Council's IT & Email Policy does not address the use of personal devices (BYOD), as required by the Practitioners' Guide for secure and lawful conduct of council business.		

Trust Funds

Internal Control Objective: Trust funds (including charitable) – The council met its responsibilities as a trustee

Aim: Obtain assurance that all charities of which the council is a trustee are filed and up to date; details are available on the Charity Commission Website; charity meetings and accounts are recorded separately from the council

Internal Audit Testing	Compliance	Comments / Recommendations
Is the council a sole trustee? **Review details on the charity commission register*	Yes	The Council is the sole managing trustee of the Meltham Scholarship Fund, registered with the Charity Commission under charity number 529345.
Are all the Charity Commission filing requirements up to date?	Yes	See link: MELTHAM SCHOLARSHIP FUND - 529345
Is the council acting in accordance with the Trust Deed?	See findings	The Council holds a Trust Deed dated 1947 for the Meltham Scholarship Fund. The most recent agenda or meeting record available is dated 1975, and no evidence of current trustee meetings or decision making could be located by the Town Clerk. The Council has no information regarding any active bank account for the charity, other than historic references to the former West Riding Education Department. The Clerk submits a nil return to the Charity Commission each year due to the absence of financial activity and due to having any access to any banking arrangements.
Are charity meetings and accounts recorded separately from those of the council?	See findings	Evidence could not be obtained to confirm that meetings and accounts for the charity are recorded separately from those of the Council. **RECOMMENDATION 13:** **That that the Council seeks advice from YLCA to ensure appropriate governance arrangements are in place.**

Recommendations – Internal Audit Year Ending 31st March 2026

No	Recommendation	Page Number	Responsibility	Timescale
1	The risk register should be updated to clearly separate the current controls already in place, and additional actions required to reduce the risk to an acceptable level along with target dates.	**5**		
2	The council should implement a back-up solution which should be documented in the risk register and reviewed at least annually.	**6**		
3	That the council develops a business continuity plan and password list. A template document may be available from YLCA.	**6**		
4	**a)** That the council considers increasing its level of fidelity guarantee insurance to ensure it fully covers the council's maximum cash balances. **b)** That the council considers obtaining cyber-security insurance to provide protection and recovery support in the event of a cyber attack.	**7**		
5	That the council makes use of the budgeting module within the Scribe accounting software and that the councils overall financial position is considered as part of the budget and precept setting.	**9**		
6	**a)** The council should establish appropriate earmarked reserves to fund future repairs and renewals of key assets, including play equipment, public toilets, and other council-owned infrastructure. Consideration should be given to developing a strategic plan for Phase 2 of the RAMP project, with the associated costs clearly identified and linked to dedicated earmarked funds. **b)** That the general reserves are maintained at a level consistent with the guidance set out in the Governance and Accountability Practitioners Guide.	**10**		
7	That the council reviews its Reserves Policy to clearly define its minimum general reserve level and explains how this is linked to the council's size, risks, and financial activity. The policy should also set out a clear criteria for creating and reviewing earmarked reserves, ensuring they are linked to specific	**11**		

	risks, projects, and long-term plans such as RAMP Phase 2. This will help ensure reserves are managed appropriately and in line with proper practices.			
8	That the disposal of assets are correctly recorded in the disposals register for audit purposes and accompanied with the authorisation approval from the council.	**15**		
9	That the council considers developing and adopting an Asset Register & Disposal Policy having regards to the principals set out in the Governance and Accountability Practitioners Guide.	**15**		
10	That the Land and Property Publication details include the Unique Property Reference Number**.**	**19**		
11	That the waste contract details are published in accordance with the Publication Requirements set out in the Code.	**21**		
12	That the IT & Email Policy is updated to include a clear section on the use of personal devices (BYOD), setting out permitted use, security requirements, and expectations for handling council data on non-council equipment.	**25**		
13	That that the Council seeks advice from YLCA to ensure appropriate governance arrangements are in place.	**26**		