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Mr S Luck
Town Clerk and RFO to the City Council
Town Hall
Wells
Somerset
BA5 2RB

6 June 2023

Dear Mr Luck,

Internal Audit of Wells City Council for the year ended 31st March 2023

In accordance with your instructions and acting in accordance with relevant requirements and regulations, we have carried out an internal audit of the accounting systems of Wells City Council for the year ended 31 March 2023.

Our audit was based on the requirements of the Annual Governance and Accountability Return – Annual Internal Audit Report (AIAR). The audit included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements.

Audit Opinion

In our opinion, the Financial Statements have been properly prepared in accordance with current guidelines and the Council's system of internal controls is, overall, adequate and effective.

Recommendations to Council

In the course of our examination we have identified some matters which, while not affecting our audit opinion, we would like to draw to the Council's attention and to make the following recommendations.

Fixed Asset Register

We note that there were no changes made to the fixed asset register although there were some purchases of new or replacement equipment. The fixed asset register currently only records property assets owned by the Council and does not include plant or equipment. In order that the Council can more effectively identify and manage the assets which it utilises to carry out its business we recommend that in future all purchases of equipment at a cost in excess of £500 should be recorded in the fixed asset register. In addition, the Council should consider carrying out a review of all equipment currently in use and adding it to the fixed asset register if its value is significant or if it is of particular importance to the Council's operations.

Funfair Donation

The Council received a donation of £25,000 from the operator of the funfair at the Charter Fair, the funds being designated for use to fund the cost of refreshments for Fair organisers over the next 10 years. The Minutes refer to these funds being ring-fenced but they have not been specifically identified as an Earmarked Reserve. The Council may wish to consider whether it is appropriate to do so.

Approved Contractors

We note that the Council has invited applications from Contractors to be placed on an Approved Contractors list in order to avoid difficulties with obtaining multiple quotations for services. We would like to remind the Council that if this procedure is adopted the Financial Regulations will need to be amended accordingly.

Recreation Ground Trust

During the year the Council received a transfer to its bank of £555,000 from Mendip District Council in respect of funds belonging to the Recreation Ground Trust. We understand that the formalities in respect of the transfer of control of the Trust to the Council have not yet been completed and therefore it appears that the Council are currently holding these funds as bare trustee on behalf of the Trust pending completion of these formalities. Whilst the funds are being held in a separate bank deposit account the Council has not yet been able to open a bank account in the name of the Trust. There does not appear to be any reference in the Minutes to the transfer of these funds or to the basis on which they are being held. As this is a very



significant sum of money we recommend that the matter be clarified by the Council and that any further movement of these funds or establishment of a new Trust bank account be appropriately recorded and approved by Council.

We are pleased to be able to complete the Internal Audit section of the Annual Return, and return it duly signed.

Yours sincerely,

Probusiness

Probusiness Ltd.



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