



FINAL

Internal audit report 2024/25

Visits 2-4 of 5

YEOVIL TOWN COUNCIL

Date: 19th March 2025

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Introduction

This report contains a note of the audit recommendations made to Yeovil Town Council following the carrying out of internal audit testing on site on 31st January, 11th and 21st February 2025, and the 10th, 13th and 18th March 2025.

The audit work has been carried out in accordance with Appendix 9 of the 2014 'Governance and Accountability for Local Councils: A Practitioners' Guide', as amended by the later requirements of the IA section of the AGAR.

An internal audit covers the review of the operation of the Council's internal control environment. It is not designed to review and give full assurance over every transaction carried out by the Council. Instead it enables the auditor, following the sample testing of a number of different types of transaction, to give an opinion as to whether or not the control objectives are being achieved across a range of financial and governance systems.

Audit Opinion

As this audit report is an interim one, no audit opinion is offered at this stage.

The report issued after the final visit for 2024/25 (which will be in June 2025) will contain the audit opinion.

The following areas were reviewed during this audit visit – all work in progress apart from Parks:

1. Payments
2. Risk Management (ongoing minutes review)
3. Income
4. Petty Cash
5. Westlands
6. Parks (confirmed no income due to the Council 24/25)
7. Parks Café
8. Recreation Ground
9. Recreation Ground Café

Audit Recommendations

Recommendations made during the audit are shown in appendix one to this report.

Recommendations are graded as follows:

Rating	Significance
High	Either a critical business risk is not being adequately addressed or there is substantial non-conformity with regulations and accepted standards.
Medium	Either a key business risk is not being adequately addressed or there is a degree of non-conformity with regulations and accepted standards.
Low	Either minor non-conformity with procedure or opportunity to improve working practices further.

The number of recommendations made at this audit visit and their priority are summarised in the following table:

Rating	Number
High	8
Medium	5
Low	4
TOTAL	17

I would like to thank Amanda Card – Town Clerk/Chief Executive and RFO, Jacky Pang – Deputy RFO and the staff at the Westlands Entertainment Venue, Recreation Ground and Café, and Yeovil Country Park and Café for their assistance during this audit.

Auditor comment

During 2024/25 the Council took on the running of a number of large leisure and recreation facilities following the devolution of those services from Somerset Council. The impact on the Council's daily operations has been significant: the Council's budget has nearly doubled since 2023/24, and will increase further when all operations are fully devolved. Data shows that the number of accounts payable transactions has increased from an average of 68.5 to 283.3, with the average monthly value increasing from £37k to £237k. The establishment head count went from 13 to 44 (for permanent salaried staff), which increases up to around 180 when zero hour staff wages are included.

Whilst the Council anticipated the need for an increased number of finance staff to manage the increased volume and value of transactions, the initial addition of 2 full time staff to the original part time employee proved insufficient, especially following the long-term sickness absence of one member of the team. Prompt processing has also been impacted by the

move to a cloud-based system (to link the various operational sites), which forced the adoption of a different finance system. In addition, the promised timely transfer of card collection income from the devolved sites has not occurred, leaving the Council receiving income in arrears and reliant on Somerset Council for reconciliation reports.

Report 1 of 5 detailed the impact on the processing of bank transactions and a number of key financial controls. The testing conducted at visits 2-4 was primarily concerned with income systems which remain impacted by the going work to post all bank transactions and the continued delay in the transfer of card and other income from Somerset Council.

As a result, the key financial controls around income will require a 'no' response on the Annual Internal Audit Report for 24/25, as the controls were not operating effectively for a large part of the financial year. Whilst it is an unwanted side effect of devolution, this result is not unexpected given the scale of the changes undertaken by the Council in order to preserve valued services.

The Council previously recognised that additional staff are needed to process the backlog of transactions and allow for the various reconciliations to be carried out in a timely manner. A number of additional finance assistants have been appointed and are working through the backlog of processing, with a view to having the accounts up to date to the 31/03/25 by the time that the 24/25 statutory accounts are signed off in June.

This should also help to ensure that the adverse impact on the financial controls is limited to the 24/25 financial year.

Darkin Miller Chartered Accountants
2024/25 INTERNAL AUDIT OF YEOVIL TOWN COUNCIL
FINAL REPORT VISITS 2-4 OF 5: 19th MARCH 2025

Appendix 1 – Recommendations and Action Plan

Recommendation number	Detail	Priority (Low/ Medium / High)	Management Response	Responsible Officer	Due Date
2.1 – Ensure payments are minuted for approval as per the Financial Regulations	<p>I checked to see that a sample of payments in the cashbook were supported by invoices, authorised and minuted by Council or Committee. The Council's Financial Regulations require at s5.2 that the RFO 'shall present a summary of... payments to each scheduled meeting of the Policy, Resources and Finance Committee.' The PRF Committee was superseded by the Finance and Policy Executive following the devolution of services from Somerset Council to Yeovil Town Council in August 2024. I found that none of the payments made in the 24/25 financial year have been minuted for approval by Committee.</p> <p>I recommend that a list of all payments made for the financial year to date is drawn up and presented to the next FPE Committee meeting in order to ensure that the Council complies with its Financial Regulations.</p>	H	April 24 – Feb 25 transactions report submits to FPE on 25 th March 25	RFO / DRFO	25/3
2.2 – Recode erroneous payment and check salary codes prior to year end	<p>I checked to see that a sample of payments were correctly coded. I found that a payment of £2.8k for bodycams had been coded in error to one of the salary codes.</p> <p>I recommend that the payment is recoded to the correct code, and that salary codes are reviewed prior to the year end to ensure that only costs that comply with the Practitioner's Guide are included in staff costs on the AGAR.</p>	M	Already actioned	RFO	

<p>2.3 – Check what unknown payments are for and ensure paperwork provided or corrections made</p>	<p>I found that it was not clear what one payment of £220 related to as there were insufficient details noted on the bank statement. There were 9 payments with the same reference number across November 2024, totalling £2185. It may be that they are contra entries relating to receipts. The Deputy RFO has been in touch with the bank to identify the purpose of the payment.</p> <p>I recommend that the Council ensures that the payment is correct and, if so, obtains paperwork to support the amount paid and properly codes the payments in its finance system. If the payment is related to fraud or error, I recommend that this is corrected as soon as possible.</p>	<p>H</p>	<p>Agreed - Under investigation</p>	<p>DRFO</p>	<p>End of May 2025</p>
<p>2.4 – Ensure all invoices and payments coded up as soon as possible</p>	<p>I found that an August invoice relating to electricity, a number of small debit payments for an unknown purpose, two January 2025 sample payments and all of the 24/25 salary payments had not yet been coded up to the accounts. This affects 5/34 payment samples. The delay has been due to insufficient staff following the devolution of large services to the Council. Additional finance administrators are due to start work in February 2025 which should ensure that all payments are correctly coded up by the time that the statutory accounts are due to be signed off in June 2025.</p> <p>I recommend that all payments are checked against invoice or other supporting paperwork and are entered onto the finance system as soon as possible in order to ensure that the finance system is up to date and budget monitoring is accurate.</p>	<p>H</p>	<p>Agreed – Backlog being addressed through appointment of additional Finance assistants</p>	<p>DRFO</p>	<p>End of Financial year</p>

<p>2.5 – Ensure all invoices authorised prior to payment, and consider whether further delegations are needed</p>	<p>I found that 8/34 invoices or supporting papers were not authorised by the Clerk or delegated budget holder (to evidence that the goods/services had been satisfactorily received and that the invoice was correct and cleared for payment). Of these, 3/8 were January 2025 invoices so may have been received too recently to be authorised.</p> <p>I recommend that all invoices are authorised prior to payment. Given the significant increase in size of the Council and the volume of payments being processed, I further recommend that the Council considers whether formal delegations are required to reduce the volume of paperwork being processed by the Council's senior officer.</p>	<p>M</p>	<p>Agreed – Financial Regulation has been reviewed to address delegated authority</p>	<p>RFO</p>	<p>To be approved by FPE & Full Council 25/3 & 31/3 respectively</p>
<p>5.1 – Transfer holding accounts to balance sheet codes and correct miscoded expenditure</p>	<p>I checked to see that income had been properly recorded and promptly banked. I found that the income and expenditure nominal codes included four holding accounts (where funds due to third parties would be held prior to being paid out). These would be more appropriately coded to the balance sheet as they are a form of control account (recording a creditor due/paid) and would not be cleared down to £nil with the balance transferred to the general reserve when the year-end accounts are closed on the finance system. I also noted that £2k of expenditure had been coded in error to an income account. The Deputy RFO has confirmed that she has asked for this to be moved.</p> <p>I recommend that any holding accounts are moved to the balance sheet to ensure that year end balances are properly carried forward, and that the £2k of expenditure is recoded as planned.</p>	<p>M</p>	<p>Agreed – already in progress</p>	<p>DRFO</p>	<p>31/3/25</p>

<p>5.2 – Review opening balances for aged debt and related receipts</p>	<p>There is a difference on the TB/aged debt report 31/01/25 re the opening balance journal, where the Council upgraded its Sage system and changed coding structure in the year. A balance of £7619.37 relating to 147 transactions were included in a manual b/f balance, but at least one of these is also shown as an invoice raised in the new system (meaning it is shown twice - once as part of the opening balance, and once as an invoice). In theory any receipts relating to the opening balance should have been manually coded against the opening balance journal in order to bring it down to £nil over time, but there do not appear to be any bank receipts posted directly to the debtor control account, and there are a number of credits showing against customer accounts (indicating the receipts have been coded to the debtor account rather than set against the original opening balance debt).</p> <p>I recommend that a review is undertaken of the transactions contained within the opening balance journal to ascertain which invoices have been subsequently duplicated as a live invoice on the current version of Sage, and that a review is undertaken of payments on account to see if they should have been matched against the opening balance debtor. This should help to identify where invoices have been duplicated, or receipts coded through the debtors ledger when they should have gone against the opening balance, allowing for correction, in order to ensure that debtors and income is correctly stated.</p>	<p>H</p>	<p>Agreed – Correction journals to be processed</p>	<p>DRFO</p>	<p>31/3</p>
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<p>5.3 – Review opening balances for aged creditors and related payments</p>	<p>The Deputy RFO confirmed that a similar process was undertaken with the opening balance for aged creditors. The nominal ledger indicates that there are two opening balances - £321456.02 on a/c 006000, and £5509.19 on a/c 006200.</p> <p>I recommend that a similar review is undertaken of the opening creditor balances against purchase invoices and payments shown on supplier accounts, in order to ensure that expenditure and creditors are correctly stated.</p>	<p>H</p>	<p>Agreed – Correction journals to be processed</p>	<p>DRFO</p>	<p>31/3</p>
<p>5.4 – Ensure bank receipts posted as soon as possible so that older debt can be recovered</p>	<p>I found that debt over 90 days at 31/01/25 totalled £34.8k per the aged debt report (PY £1.5k), however £21.7k of that related to hall hire and rent for Westlands (which the Council took over in August 2024) meaning a more accurate comparison is £13k to £1.5k. The Deputy RFO has confirmed that following a significant increase in the volume of bank transactions and a delay to recruitment of sufficient staff to process them, only about half of the bank receipts for the year have been posted as at 18/03/25. This means that it is not possible to get an accurate picture of the aged debt for the Council, as many of those shown as owing money may well have paid.</p> <p>The target for coding up the remaining bank payments and receipts remains the approval of the statutory accounts (so the accounts for the year to 31/03/25 will be complete by the end of June 2025). At that point it will be possible to implement proper debt recovery for any debtors still outstanding.</p>	<p>H</p>	<p>Agreed – already in progress</p>	<p>DRFO</p>	<p>31/3</p>

	I recommend that the bank receipts are coded up as planned so that the remaining monies owed can be identified and collected as soon as possible.				
5.5 – Ensure monies owed by Somerset Council are recovered, and reports provided	<p>I also noted that whilst the cash receipts for Westlands, the Recreation Ground and Café and the Parks Café transferred across to the Town Council at the start of September 2024, a problem with the transfer of card machines meant that the related income is still being paid over to Somerset Council. Somerset Council was providing a reconciliation of monies received per venue, and did make three payments of monies owed to the Town Council, but they have not paid any funds or provided any reconciliation of the monies due since the end of November 2024. Somerset Council's records indicated £1,267,646.67 is owed in relation to card receipts as at 19/03/25. A further £338,959.03 is due in relation to ticket sales, and £3,750 for room hire deposits. It is not clear when this will be paid. Note that the Town Council assumed responsibility for paying venue suppliers including those related to large shows since the transfer date, which has negatively impacted cashflow.</p> <p>I recommend that the matter is escalated to the Chief Executive of Somerset Council in order to ensure that the reconciliations required are provided and that monies owed by Somerset Council are repaid immediately.</p>	H	Agreed – Chased on number of occasions – to be escalated	DRFO / RFO	31/3
5.6 – Ensure cash over threshold is banked promptly	I checked that security controls over cash were effective. I noted that there are well established cash-handling processes for the large income-generating services (Westlands, Recreation Ground and Ninesprings Park Café). Cash is securely stored on all sites, within safes in locked	M	Agreed	DRFO	31/3/25

(whether income or deposits)	<p>offices with limited access. The Council has regular cash collections from the service sites. I noted that the Council periodically takes deposits in relation to the hire of Milford Hall. The Deputy RFO confirmed that these were safely secured in the Town Hall, but that the monies were not banked even if the related hire was some time in the future.</p> <p>I recommend that all cash income or deposits over a reasonable threshold are banked as soon as possible in order to reduce the risk of loss. Deposits should be accounted for either as a payment on account for the relevant debtor code or in a holding code for deposits, in order to ensure that the monies due back to third parties are clearly identified.</p>				
5.6 – Ensure invoices raised for salary recharge and rent	<p>I checked to see that all income due to the Council has been collected. Given the Council's taking on of Westlands, the Recreation Ground and Café, and the Parks and Café during the year, a comparison year on year is less helpful as a check of the reasonableness of income levels. However, I did note that there is currently no income shown for the Council's recharge of Clerk's time for clerking the Joint Burial Committee (£1.6k 23/24) or for one of the Council leases (£2k 23/24). The Clerk has confirmed that invoices will be raised for both.</p> <p>I recommend that the invoices are raised as soon as possible for the recharge of Clerk's time, and for the rental due in relation to one of the Council's properties. This will help to ensure that all income due is collected.</p>	M	Agreed – A schedule will be created	RFO	

6.4 – Ensure floats balanced after use	<p>I carried out a count of the petty cash and floats held at the Westlands Entertainment venue. I found that the majority of floats balanced, but that 5/14 floats were out by £1 to £1.50, with a net balance of £0.50 up across total cash held of £4160, an error rate of 0.012%. The Duty Manager confirmed that floats would be counted prior to being issued for the day, and that any differences would be addressed the next time that the floats were used. This ensures that the float balance recorded on the till will match the actual float provided.</p> <p>I recommend that floats are balanced at the end of use in order to ensure that the correct amount is held.</p>	L	Agreed – to be monitored	DRFO	
6.5 – Ensure worn or damaged float and change bags replaced	<p>I found that a number of the change and float bags had holes in them which could enable bagged coins to fall out. The Deputy RFO noted that spare change bags were available.</p> <p>I recommend that the worn or damaged bags are replaced in order to ensure that there is no accidental loss or mixing of monies.</p>	L	Already actioned		
6.6 – Clarify entries in petty cash book	<p>I confirmed that the total value of petty cash plus receipts held in the Westlands tin agreed to the value shown on the finance system. I noted that petty cash transactions are recorded in an A4 petty cash book. However, the way that the transactions are recorded is confusing and it is difficult to reconcile the expenditure recorded with the cash and receipts held. The book currently notes cash removed, actual expenditure (which should correspond to a receipt), and cash returned for each individual transaction. Due to</p>	L	Agreed – procedure to be review and possibly training	DFRO	

	<p>issues with obtaining cash when the service provided by Loomis temporarily ceased, reimbursements were being made from the emergency change float. The totals removed and rebanked were noted, but it was not easy to match the reimbursement back to individual receipts, meaning it was difficult to establish from the book which receipts had not been reimbursed.</p> <p>I recommend that the way in which transactions are recorded is clarified, and that when expenditure is reimbursed, the reimbursement is matched to the relevant expenditure e.g. via the use of different coloured highlighters.</p>				
16.1 – Consider holding code for FOYCP receipts	<p>I checked to see that Parks Café income was correctly coded, promptly banked, that all income had been collected and that VAT had been correctly accounted for. I was unable to agree the card receipts totalling £15.3k relating to two sample weeks as the income had not been received from Somerset Council (see recommendation s.5.5 for more details).</p> <p>I found that all income was correctly coded but did note that income relating to sales of merchandise made on behalf of the Friends of Yeovil Country Park had been coded to an income code. Given that the funds are collected on behalf of this third party and paid over periodically, it may be more appropriate to code the income to a holding code so that the balance due is clear and would be rolled forward at year-end.</p>	L	Cash held for Friend of Yeovil Country Park is immaterial. There is a process in place which is proportionate to the sum of money held		

	I recommend that the Council considers coding FOYCP to a holding code so that the amount due is clearly identifiable between years.				
18.1 – Ensure tennis membership income received	<p>I checked to see that annual tennis membership for the Recreation Ground was properly recorded, promptly banked and that all funds had been received. I found that £4375 of income was received in relation to tennis membership for 24/25, but that to date no funds have been paid across to the Town Council. The facility was transferred on 01/08/24, which means that at least the £1295 of renewal income after that date should have been paid over. Arguably the Town Council is entitled to a pro-rata share of renewal income received before that date, in which case £3918.37 of income is due as at 13/03/25.</p> <p>I recommend that the Council liaises with Somerset Council to ensure that monies due in relation to tennis membership income are paid over.</p>	H	Agreed – The requirement of the LTA was not fully understood when the service was transferred. The process will be reviewed	DRFO	