IASYORKSHIRE LTD

Annual Internal Audit Report for: **Otley Town Council**

Audit Period Ending: **31st March 2026.**

I confirm that we have conducted an Annual Internal Audit using the tests detailed below in accordance with the suggested approach contained in 'Practitioners Guide' 2025' edition of Governance and Accountability in Local Councils in England and Wales.

We have assessed the Financial Management, Compliance and Governance objectives of this Council of which the findings are summarised in the table below.

We can confirm that our findings show no matters giving cause for concern.

Financial Management.

Check	Tests	Findings/Comments
Financial Management	***A.** Appropriate accounting records have been properly kept throughout the financial year.*	Cashbooks maintained monthly – I&E Summary & Detailed reports produced monthly, and VAT returns run & claimed regularly.
	***J.** Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit. trail from underlying records and where appropriate debtors and creditors properly recorded.*	Accounting statements produced using Rialtas Business Solution Software with additional Excel sheets. Along with I&E budget sheets.
Internal Control Objectives	***C.** This authority assessed the significant risks to achieving its objectives and reviewed the adequacy. of arrangements to manage these.*	System is adequate & auditable. Enables production of Accounting Statement (AGAR*) and Bank Reconciliations Payment over £300 approved by Clerk and Cllr. Payment made by Financial Officer.
	E. Expected income received, based on correct prices, properly recorded and promptly. banked.	Income received listed and presented every month. Precept payments supported by remittances in Income file. Allotments run as Excel sheet showing paid and o/s payments – reconciled and entered to Rialtas as CB 3.
	***B.** This authority complied with its financial regulations, payments supported by invoices, all expenditure approved and VAT appropriately accounted for.*	Internal Audit shows payments supported by invoices which have been approved and VAT appropriately accounted for. No issues giving cause for concern.

Registered in England 16780598
Registered Address: 7 Fern Bank, St Johns Place, Wakefield WF1 3UL
Contact details: Mobile: 07444 791956 - E-mail: internalauditservicesyorkshire@gmail.com

Bank Reconciliation	*I. Periodic bank account reconciliations were properly carried out during the year.*	Monthly Bank Reconciliations produced from Rialtas. Checks undertaken at Audit Committee meeting and then Committee minutes presented and approved by Chair at full Council meeting.
	Opening balance for 1st April matches closing balance previous year.	Bank Reconciliation @ 31.3.25. £16,703.39 £494,000.00 £13,676.06 £79.10 ***£524,458.55***
	Cashbook / Bank Reconciliation confirmed. @ 31st March 2026.	Bank reconciliation run monthly for all Cash Books. CB 1 - £16,065.24 Cap Res £16,065.24 CB 2 - £499,000.00 CCLA £499,000.00 CB 3 - £8,929.63 Allotment £8,929.63 CB 4 - £13.84 Petty Cash £13.84 **£524,008.71** **£524,008.71**
Precept	*Precept matches Council Tax Authorities notification (remittance)*	Precept payments confirmed 1.4.25 £502480.00 Precept 1.4.25 £17382.00 LCTS
Cash/Petty Cash	*F. Cash payments were properly supported by receipts; all cash expenditure was approved and VAT appropriately accounted for.*	Petty Cash using max £100 float – balance @ 31.3.26 £13.84 as verified in Rialtas CB4 and reconciled by Finance Officer. VAT claimed where applicable. Allotments - CB3, Financial Officer reconciles. 90% of rents now paid by Bacs and controlled by Excel Control sheet and emailing rents due each year.
Payroll	*G. Salaries to employees and allowances to members paid in accordance with these authorities. approvals, and PAYE and NI requirements properly applied.*	Payroll run by Finance Officer and payments shown on authorised payment list. PAYE reports for 25/26 verified as amount due '0'.
VAT	*VAT appropriately accounted for.*	**VAT Claimed.** 28.4.25 £13,999.17 28.7.25 £5,488.65 3.11.25 £5,852.77 2.2.26 £12,320.76 Claimed 5.5.26 £3,682.92 Due 26/27
	VAT calculation evidenced and document produced	Detailed VAT claim documents, supported by itemised VAT list produced from Rialtas Software.

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Compliance and Governance.

Check	Tests	Findings/Comments
Previous Internal Audit Report	Minutes record that the Council considered previous Internal Audit Report & matters discussed.	End of year 24/25 Audit recorded in June 2025 Full Council minutes. Interim Audit Oct 2025 report was discussed in December 2025 Audit Committee minutes.
Minute Book	Approvals of Internal Auditor appointment.	Identified in Audit Committee December Minutes and then Committee minutes presented and approved in March 2026 full Council meeting.
	Pages numbered	Pages numbered in accordance with Paragraph 41(2) of Schedule 12 of the LGA 1972 Act
	Minutes signed and dated.	Verified.
	Minutes show invoice payment list (which includes Staff salary) and authorised via minute signature.	Identified in Policy & Resources Committee minutes and then committee minutes presented and approved at full Council meetings.
	Minutes published to website	Identified on Website as unsigned and signed copies verified.
	I. Bank account reconciliations completed regularly throughout the year	Undertaken at Audit Committee meeting and then Committee minutes presented and approved by Chair at full Council meeting.
Budget process	*D. The precept or rates requirement resulted from an adequate budgetary process, progress against the budget regularly monitored; and reserves were appropriate.*	Identified in Policy and Resources committee meeting in January 2026.
	Progress against the budget regularly monitored.	Cllrs receive a budget update during the year at the Audit Committee meeting. An 'Out Turn' report presented at the Policy and Resources Committee meeting.
Standing Orders	The Council has formally adopted Standing Orders 2025	Verified on Website. NALC 2025 revision identified in the current Standing Orders; these were presented and approved at the Policy and Resources June 2025 Meeting.
Financial Regulations	The Council has formally adopted and Financial Regulations 2025	Financial Regulations have NALC 2025 revision; these were presented and approved at the Policy and Resources June 2025 Meeting with the Standing Orders.
Financial Risk Management Assessment /Policy	Minutes show annual review has taken place, and document is evident and adopted	Known as Internal Control Policy Presented to IA. Policy and Resources Committee minutes for March 26 state provision for Investments to be added to the Internal Control Policy as agreed at the Interim Internal Audit.

Emails	*O. The authority has complied with laws, regulations & proper practices relating to digital and data. compliance.*	Clerk and Cllrs supplied with appropriate compliant email address. There is also a compliant email address for Administration. **Note:** Cllr Campbell uses a LCC.gov.uk email address as identified on the Website.
IT Policy	The Council IT policy	Identified as 'Internet & Email Policy' on the Website.
GDPR	The Council has a specific policy or made provision within another document.	Identified as 'Privacy Policy' and 'Policy Notice' that relates to GDPR. Available on the Website
Website	Complies	Accessibility Statement available on Website
Asset Register/ Inventory Account	***H.** Asset and investments registers were complete and accurate and properly maintained.*	Current Register verified
Insurance	Fidelity Guarantee	Officers Indemnity is £500k – closing balance for 25/26 was £524009. From April 26/27 with the inclusion of the Precept @ £512k the cover would not be sufficient, however, the Clerk has previously informed the IA that having consulted the Insurance provider and it was concluded that the Internal Control Policy was adequately robust enough to not increase the cover.
	Asset values align with Asset Register/Inventory Account	Cover in Schedule adequate
Trust Funds	Is the Council a trustee – does the council have a policy for its role as a trustee?	N/A
AGAR SECTIONS ONLY APPLICABLE FOR ANNUAL INTERNAL AUDIT		
AGAR – Form 3 Limited Assurance review	Notice of Public Rights and Forms 1&2 completed and posted to website for current year.	Verified on Website
	The Council has published its Notice of Conclusion and External Auditor report on the website with Forms 1&2 for the previous year.	Verified on Website