



Skipton Town Council

Internal Audit Report

**Covering Dates between:
July to September 2024 for Audit trail**

Provided by: Account-ant Yorkshire Limited

For: Chief Officer & Finance Manager

Date Issued: 14th October 2024

Where information resulting from investigation and/or audit work is made public or is provided to a third party by the client or by Account-ant Yorkshire Limited then this must be done on the understanding that any third party will rely on the information at its own risk. Account-ant Yorkshire Limited will not owe a duty of care or assume any responsibility towards anyone other than the client in relation to the information supplied. Equally, no third party may assert any rights or bring any claims against Account-ant Yorkshire Limited in connection with the information. Where information is provided to a named third party, the third party will keep the information confidential.

Introduction & Scope

- I. Local councils in England must complete an Annual Governance and Accountability Return (AGAR) which includes an Annual Governance Statement, Accounting Statements, and an Annual Internal Audit report.
- II. Proper practices for Town Councils and the preparation of the AGAR is included in Joint Panel on Accountability & Governance (Practitioner's Guide) March 2024. A copy of which can be found on nalc.gov.uk
- III. Internal Audit is a key component of the council's system of internal control. The purpose of internal audit is to review and report to the council whether its systems of financial and other internal controls and procedures are effective.
- IV. As part of the AGAR, the council's internal auditor, acting independently and on the basis of an assessment of risk, carries out assessments of compliance with relevant procedures and controls in operation throughout the financial year.
- V. Our work with Skipton Town Council commenced on 7th May 2022. The current year audit was held partially remotely with an on-site visit 8th October 2024.
- VI. All aspects of internal audit were covered.

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About Account-ant Yorkshire Limited

Skipton Town Council has appointed Account-ant Yorkshire Limited with the view to complete Interim and Year End Internal Audits for the Council.

Account-ant Yorkshire Limited is an Accountancy Practice owned and run by Rachel Pearson who is a CIMA Qualified Management Accountant and Member in Practice. She has been fully qualified for over 10 years and been in a finance role for over 20 years.

Rachel started of Town and Parish Council Audits in 2018 and has gained a vast amount of knowledge and experience in the subsequent years.

The Auditor for the period April 2024 – March 2025 is Rachel Pearson ACMA (MiP)

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Summary

I have reviewed a wide range of documentation including documentation provided by the Finance Manager, other members of staff as well as the Town Council website.

I completed an on-site visit for Interim Audit on 8th October 2024. My Primary contact on visits being the Finance Manager, Helen Marshall.

I have met all other members of the team working in the Council offices on previous occasions and some during this visit.

All members of staff have been open and clear with regards any queries I have made. The team have been thorough and knowledgeable when met with queries.

Having thoroughly reviewed the Councils Finance and Governance records we believe they continue to be a high standard Council.

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Findings

Proper Bookkeeping

Skipton Town Council uses an Accounting System called Rialtas to record all its financial transactions. The system is arithmetically correct. Monthly Reconciliations are undertaken as a minimum however the finance department often reconcile on a daily basis. These reports are subsequently presented to the Finance Committee.

We have reviewed a sample of income and expenditure, tracing the transaction through to the bank or credit card statement and purchase orders where appropriate.

We are pleased to note our recommendation with regards purchase order detail has been followed.

Standing Orders and Financial Regulations

This section was not reviewed during the October 2024 Visit as there are no changes during the period. The comments below are from previous Interim Audit report:

Standing orders and Financial Regulations were agreed at Full Council in May 2024. The Standing Orders had a slight amendment with regards the replacement of "District Council" with "North Yorkshire County Council". The Financial Regulations with adopted without amendment.

Both are easily accessible on the website:

Financial Regulations:

https://www.skiptontowncouncil.gov.uk/_UserFiles/Files/NALC%20model%20financial%20regulations%202024.pdf

Standing Orders:

https://www.skiptontowncouncil.gov.uk/_UserFiles/Files/Standing-orders%202024-25.pdf

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Documentation Readoption by Finance Committee

We have observed The Audit, Scrutiny & Planning Committee choosing policies to scrutinise in their meeting. This is evidence of policies being reviewed on a regular basis and being a standing meeting agenda.

Payment Controls

Staffing

The Finance Department as of October 2024 comprised of the Chief Officer and Finance Manager. Each employee has an up to date job description and has been appointed with specific duties.

There is also a Deputy Clerk.

Purchases above De Minimus

The Financial Regulations state that any contract over £3,000 will require 3 quotes to be obtained by the Clerk or RFO and for any amount over £100 they shall strive to receive 3 quotes.

One item over the DeMinimus that was not salary or CIL related was £5k to Ilkley IT services. The Chief Officer had delegated authority on this expenditure item. Per the meeting notes of February 2024 the Councillors advised staff to progress with the move and recharge expenses to NYCC.

The cabling cost was unexpected and required for the installation of the telephone system. This was £2.5k + and therefore was in excess of the original budget item

Sample Review

The Auditor reviewed a sample of purchase and sales invoices. All items were found to have an audit trail and were authorised.

A list of payments are provided to Full Council at each meeting where payments are agreed.

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Payments are listed in additional documents from June 2024 onwards

Payments are supported by purchase order, invoice and bank authorisation.

We note that payments and receipts expected before the end of each month are included in the list for Full Council. However, during the month of August there were a few instances where payments and receipts were not received as expected (CIL).

This is completed in this way in order to ensure the payments are authorised.

VAT reporting

Vat returns observed. Auditor satisfied the Council are reporting VAT correctly. VAT on invoice also observed and found correct.

S137 Expenditure

The Council has General Power of Competence and therefore is not required to report S137 expenditure separately.

As the Council has General Power of Competence they cannot use the S137 Power

Risk Management Arrangements

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Risk Assessments

It has been noted that the documentation was approved at Full Council in May 2024.

The document approved has been observed and amendments suggested in our previous report have been implemented.

Burial Authorities

Skipton Town Council is a burial authority for 3 closed burial grounds. One is at Trinity Church and the other at Raikes Road which is managed and assessed by "Friends of Raikes Road" and Christ Church.

Unusual Financial Activity

The minutes and accounts have been reviewed for unusual financial activity and none has been identified.

Insurance Cover

Insurance policies will be reviewed as part of the year end process.

Internal Controls

Internal Controls observed to be working and sufficient in general.

The internal control checklist was reviewed during our previous visit and we have noted our amendments have been implemented.

Investments

The Council does not hold any investments

GDPR

The GDPR policy forms part of the Privacy Policy and is appropriate.

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Budgetary Controls

Budgets will be reviewed at next Interim Audit meeting. The below notes are from previous Audits:

Budget Preparation

The normal process is as follows:

“Each year the Council undertakes an extensive budget process. This starts with a draft budget being reviewed, line by line by the Finance & Policy Committee. The process starts in October. Once the Finance & Policy Committee are in agreement with the budget it is given to Full Council for review and/or agreement in January of each year.”

Only once the budget is agreed Full Council will the precept be requested from North Yorkshire.

The Finance Manager also produces a Forecast for the rest of the year.

The Budget has been reviewed and found to be in order – we note some income is conservative in estimates, however, they are not guaranteed income.

Budget Reviews

The Finance Committee reviews the actual versus budget quarterly. Evidence of this is seen in the Finance Committee meeting minutes.

Budget Variances

Variances to budget were observed and found to be reasonable

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Income Controls

Precept

The precept reviewed matches the request sent to North Yorkshire County Council who do not provide a notification.

Cash and Near Cash Security

The Council holds a small amount of petty cash which is located in the new offices in Otley Street. Cash from market traders is banked daily, apart from the weekend when it is put in the safe. The Safe is now located in the new offices within sight of the Chief Officer's office.

If any member of staff needs to go into the safe then they are accompanied by another member of staff which is most often a member of the Finance Department.

The Mayoral chains are located in this safe. The buddying system has been deemed sufficient in the absence of CCTV.

This system is still continuing well and has been discussed at this Interim Audit visit.

Multipay Card/Credit Card

The Council has a Credit card which is used sparingly for office and small general purchases. Purchase Orders are raised and signed by the RFO.

We reviewed every PO relating to the card income during this Audit all items of expenditure had sufficient receipts bar one item – a card for a leaver. This PO will be signed at the October meeting. The value is small and therefore no further work is required on this matter

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Payroll Controls

Staffing

All members of staff have current job descriptions and terms and conditions. The council also has an annual appraisal process.

Payroll Processing

Payroll is processed in house using Sage Payroll. Payments are made at the end of the month for the payroll file ran the previous month. i.e. Month 7 payroll file relates to payments made 30th September.

We have observed the payroll for August and September on this visit

Expenses

Expense claims observed as part of the sampling exercise and found to be reasonable.

Approval of salaries and increments

The Council adopts NJCP terms and conditions. NJC increases are budgeted and reported to Council. These are reviewed by the Management and Staffing Committee. One member of staff will be discussed during the October meeting as they have passed a certification.

Minimum Wage Threshold Met

All members of staff are paid above the National Living Wage

HR Procedures and policies adopted

The Council has HR Policies in place. HR is managed internally with Consultant assistance when complex issues arise.

Training Policy and record for staff and elected members

The Council has a training policy in place

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Auditor has had sight of the up to date training record during a previous Interim Audit visit and the below comments relate to this occasion and not the visit in October:

We have noted ILCA training has been completed by Toby & Teagan (who has since left) which will help them to understand such things as the requirements of record keeping for council funds.

We also note Mark has completed ROSPA.

Further training will be undertaken in December and therefore the training records will be reviewed again at that meeting.

Qualified Clerk

The Chief Officer, Louise Close is a CILCA qualified, plus FILCA. The Finance Manager, Helen Marshall has completed ILCA and FILCA.

Jenny Dean, Deputy Clerk has also completed ILCA and has passed CILCA

Annual Staff Appraisals

Appraisals are undertaken.

H&S review of Staff Workstations and PC equipment

H&S for workstations are completed at the start of employment or when changes of health occur.

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Asset Control

Register

The Asset Register is updated yearly and will not form part of Interim Audit.

The Asset register will be reviewed at year end and will be matched against Trial Balance.

Insurance

Insurance is currently being reviewed and will be ready for observation at the next Interim Audit

Bank Reconciliations

Bank reconciliations are present for all accounts. These are reconciled monthly but often daily in Rialtas are matched to physical bank statements. No differences have been observed.

Accounting Principles

The Council are operating as Income and Expenditure.

Accruals & Prepayments are reviewed as part of year end process

Allotments

There are a team of employees who run and manage the Allotments The Council owns allotments. The Rate card is advised as £96 for Full Plot, £48 for half.

Allotment fees invoiced in April which are payable in July. We have observed a number of payments and a standard tenancy agreement during our site visit in August.

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We have reviewed the Tenancy Agreements for 3 random plot holders. All are in order and there are no arrears.

Facilities Management

As the Town Hall is in need of repairs, the facilities will not be available for use until further notice

Markets

The Council runs a market several days a week. T

he process of recording and managing payments from the Market formed part of our Internal Audit in May 2022 which suggested some improvements in the governance of monies.

These suggestions were implemented and are still in place at the current site visit.

Earmarked Reserves

Earmarked Reserves are considered yearly.

This will form part of year end Audit.

Monies in Bank

Monies in Bank are regularly reviewed by the Finance Committee.

Year End & AGAR

This will form part of year end Audit.

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Other items of Note

The council is registered with the Information Commissioners Office under membership number: Z8619249 and expires in May 2025

The council has sufficient security over information and uses Cloud Storage.

Arrangement for inspection of public records

There is now a policy and plan in place for the inspection of public records per the auditors recommendation in the year end audit for 2022/23.

Inspection of Public records would be held at the offices on Otley Street from now on if required

Memberships

The Council has many memberships in place in order to assist with the successful management of the Council and it's amenities.

YCLA – for advice regarding the running of the Council along with relevant training courses

NAS – National Allotment Society

NAMBA – Markets

SLCC – advice and training for Clerks.

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Recommendations/Further Information Required

No recommendations or observations made at this Interim Audit. Any queries we had were dealt with sufficiently during our Visit.

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