



Skipton Town Council

Interim Internal Audit Review October 2023

Covering Dates between July 2023 – September 2023

Provided by: Account-ant Yorkshire Limited

For: Chief Officer & Finance Manager

Date Issued: 6th October 2023

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 2022. 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 with the onsite attendance for a Year End Internal Audit of 2021/22, this was followed up by quarterly reviews which were held mostly on site. Year End review attendance was 9th May 2023 and the latest attendance was 5th October 2023 to review July to September 2023 documentation and processes. This visit was held remotely.
- VI. All aspects of internal audit were covered.

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.

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 July to September 2023 is Rachel Pearson ACMA (MiP)

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.

Summary

I have reviewed a wide range of documentation including documentation provided by the Finance Manager and Chief Officer as well as the Town Council website.

I completed an Audit remotely during the week commencing 2nd October. Concluding 6th October with full written report send to the Council My Primary contact on visits being the Finance Manager, Helen Marshall & Chief Officer Louise Close.

I have met all other members of the team working in the Council offices on previous occasions.

Helen, Louise and colleagues have been open and clear with regards any queries I have made. The team have been thorough and knowledgeable when met with queries.

Having reviewed the Council, I believe they are at a High standard whilst there is always room for continuous improvement even in a High standard Town Council.

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.

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 & Policy Committee.

Standing Orders and Financial Regulations

Standing orders and Financial Regulations were agreed at Full Council in May 2023. 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/Financial%20Regulations%20ADOPTED%20MAY%2018%202023.pdf

Standing Orders:

https://www.skiptontowncouncil.gov.uk/_UserFiles/Files/Standing-orders%20ADOPTED%2018TH%20MAY%202023.pdf

Documentation Readoption by Finance & Policy Committee

The Finance and Policy Committee discuss and agreed several policies during the April 2023 meeting. A list of which is contained in the meeting minutes. Anti Bullying and Harassment Policies would accepted without amendment in the period of Audit

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.

Payment Controls

Staffing

The Finance Department as of October 2023 comprised of the Chief Officer and Finance Manager. Each employee has an up to date job description and has been appointed with specific duties.

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.

A small number of transactions were observed to be over the DeMinimus level agreed in the Financial Regulations however these have been sufficiently explained

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. Payments are not listed in minutes as per point 4.1 of the Financial Regulations States. "Such authority is to be evidenced by a minute or an authorisation slip duly signed by the Clerk, and where necessary also by the Chairman as appropriate"

Payments are supported by purchase order, invoice and bank authorisation

VAT reporting

Vat returns observed. Auditor satisfied the Council are reporting VAT correctly.

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.

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

Risk Assessments

The risk management document was reviewed at April 2023 review and it has been noted that the documentation was approved at Full Council in May 2023.

Burial Authorities

Skipton Town Council is a burial authority for 2 closed burial grounds. One is at Trinity Church and the other at Raikes Road which is managed and assessed by "Friends of Raikes Road"

Unusual Financial Activity

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

Insurance Cover

The council is covered by Hiscox from 2021 until the policy is ended by council on a rolling 12 month basis. The policy is comprehensive.

Internal Controls

Internal Controls observed to be working and sufficient in general.

September reviews were not completed fully and therefore will be re-arranged

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.

Investments

The Council does not hold any investments

GDPR

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

Budgetary Controls

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.

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 the main variance to full year being Precept which is expected

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.

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 a locked cabinet in the Finance department. Cash from market traders is banked daily.

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.

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. A number of receipts were tested and found to be sufficiently authorised.

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.

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.

July to September payroll observed and found to be correct.

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.

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 for the most part with Consultant assistance when complex issues arise.

Training Policy and record for staff and elected members

The Council has a training policy in place

Auditor has had sight of some training records on a prior visit and this will form part of the October audit visit. The training policy was reviewed as part of the May 2023 meeting.

Qualified Clerk

The Chief Officer, Louise Close is a CILCA qualified

Annual Staff Appraisals

Appraisals are undertaken.

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.

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.

Please note will need to be updated if office move occurs

Asset Control

Register

The Asset Register is updated yearly and therefore this does not form part of the Interim Audit.

Insurance

The insurance of assets is covered under the Council Commercial Combined Policy.

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 and Prepayments schedules seen on a previous visit. A full review of Accruals and Prepayments will form part of the Year End Visit.

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.

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.

Allotment fees invoiced in April rather than October from 23/24. From next financial year the Allotments will be fully integrated into Rialtas making the process further streamlined

Facilities Management

The Council rents rooms rarely and this is usually from MP Clinics.

Markets

The Council runs a market several days a week. The 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. Evidence of consideration of budget rolling and other requirements for the new year seen.

The review of Earmarked reserves will form part of the Year End Visit.

Monies in Bank

Monies in Bank are regularly reviewed by the Finance and Policy Committee.

Year End & AGAR

This will form part of the Year end visit

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.

Other items of Note

The council is registered with the Information Commissioners Office under membership number: Z8619249 and expires in May 2024

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.

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.

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.

Recommendations/Further Information Required

In the previous Audit we recommended the below and have noted these are outstanding and require more time to implement;

A lot of work has been undertaken on the website to implement some of the suggestions from the previous Audit and we are pleased to see this progress.

However, we would like to note a few instances where we were unsure whether a meeting had occurred or the minutes were missing. This was due to the office problems during the month and is only included in this section for information and not a recommendation.

In terms of improving transparency I would suggest the Policies and Procedures be documented in tabular form with a “adopted” and “due for review” column. This will help the general public and other stakeholders easily assess whether the Council are up to date with their policy review.

In light of the required office refurbishments. If Finance need to move out of the Town Hall I would suggest implementing a cheaper solution to CCTV such as perhaps a Ring Bell to improve the security of the safe (and therefore Mayoral Chains) whilst less staff are present.

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.