



Skipton Town Council

Internal Audit Review April 2023

Covering Dates between January and March 2023

Plus Year End AGAR & Processes

Provided by: Account-ant Yorkshire Limited

For: Chief Officer & Finance Manager

Date Issued: 24th May 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 an 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
- 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 2022 to March 2023 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 and Chief Officer as well as the Town Council website.

I attended Skipton Town Hall on 9th May 2023. 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.

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.

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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 & Policy Committee.

Standing Orders and Financial Regulations

Standing orders and Financial Regulations were agreed at Full Council in April 2022. The Standing Orders and Financial Regulations are on the agenda for the May 2023 meeting. It has been noted that the Auditors recommendation to review the lower limit on spend has been accepted

Both are easily accessible on the website:

Financial Regulations:

https://www.skiptontowncouncil.gov.uk/_UserFiles/Files/Financial%20Regulations%20Adopted%202022.pdf

Standing Orders:

https://www.skiptontowncouncil.gov.uk/_UserFiles/Files/Standing-order%20VERSION%20Adopted%20at%20FC%2019%20May%202022.pdf

Documentation Readoption by Finance & Policy Committee

The Finance and Policy Committee discuss and agree all policies during the year. Evidence of review was found in the meeting minutes for the following policies:

- Play Area Inspection and Maintenance
- COSHH Policy
- PPE Policy
- Working at Height Policy

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- Tree Policy

The Auditor noted these Policies are not on the website.

Payment Controls

Staffing

The Finance Department as of April 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. This has been put on the Agenda for May 2023 to increase the lower limit (per recommendation to £500). During the period January to March only one item was found to be over the De Minimus where it could required 3 quotes.

This was the Tractor. Sufficient investigation of the options was evidenced.

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

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VAT reporting

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

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

Risk Assessment documentation reviewed and found to be sufficient. Agreed at Full Council 10th May 2022. This will be reviewed at the AGM On 19th 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. 2 Council members had attended to review Internal Controls on 13th January 2023. Brian McDaid & Sheila Bentley approved and signed the controls sheet. The next date for visit is to be confirmed but likely to be in May

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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.”

However, due to reorganisation changes this year Full Council were keen to be fully involved in the budget review and agreement. Therefore an extraordinary budget meeting was called for 5th December 2022. Where Full Council reviewed and agreed the budget

Only once the budget is agreed Full Council will the precept be requested from Craven District Council

Budget Reviews

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

Budget Variances

Variances to budget were observed across the Board but satisfactorily explained and the overall position is not significant.

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Income Controls

Precept

The precept reviewed matches the request sent to Craven. Craven does 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.

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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.

Jan – March 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. The training policy is on the Agenda for 19th May 2023 AGM as some slight amendments have been made with regards training for Councillors

Qualified Clerk

The Chief Officer, Louise Close is a CILCA qualified

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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.

Asset Control

Register

Asset Register up to date and compared to AGAR.

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.

Grants

The Council keeps a comprehensive reconciliation of Grant income vs expenditure. At the time of writing the report this did not form part of the Finance Pack to Council.

Accounting Principles

The Council are operating as Income and Expenditure. Accruals and Prepayments schedules seen

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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, £46 for half.

Allotment fees are generally invoiced in October but from the 23/24 Financial year this will be from April. This will help to streamline the recording and entering of payments.

Facilities Management

The Council rents rooms rarely and this is usually to the District Council or for MP Clinics

Earmarked Reserves

Earmarked Reserves are considered yearly. Evidence of consideration of budget rolling and other requirements for the new year seen. The Earmarked reserves for 22/23 will be approximately £500,000. The Reserves account holds the majority of this.

Monies in Bank

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

Year End & AGAR

Year End Accounts in the AGAR match Rialtas

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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 2023

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

Arrangement for inspection of public records

There is no official plan or

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

We recommend that;

Recommend a review of the meeting minutes and formatting on website be reviewed. I noted font differences, meeting minutes with od employees names in the document and some meeting minutes were noted as Draft after subsequent meeting minutes have been agreed.

Policies and Procedures

| | |
|---|--|
| Standing Orders | Complaints Procedure |
| Code of Conduct | Equality Policy |
| Records Management Policy | Security Breach Policy |
| Privacy Notice | Financial Regulations |
| Publication Scheme | |
| | |

- Recommend for transparency that as many policies as possible be published on website. Also recommend Version control be added to documents so it is clear they have been reviewed and when they are due for review and readoption.
- Recommend a Policy and Procedure be created around the Inspection of Public Rights. Whilst the Council have not been required to do this in the past a plan is needed in the event it does happen as this could potentially further exacerbate any potential problem

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