

Sherburn in Elmet Town Council



Internal Audit Review December 2023

Audit Trial Checks covering April 2023 – September 2023

Provided by: Account-ant Yorkshire Limited

For: Georgina Ashton

Date Issued: 15th December 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 Sherburn in Elmet Town Council commenced in November 2023 with Interim Audit of 23/24 Year end.
- VI. All aspects of internal audit were covered bar the year end procedures which will be covered in our post 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.

About Account-ant Yorkshire Limited

Sherburn in Elmet 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 2023 – September 2023 is Rachel Bernadette 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 Clerk as well as the Town Council website.

Georgina Ashton and I met via zoom to discuss the council and answer a number of questions to help guide our Interim audit.

Georgina and colleagues have been open and clear with regards any queries I have made. It is clear the Clerk is very thorough and knowledgeable which I also noted on the Interim Audit.

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

Sherburn in Elmet Town Council uses an Accounting System called Scribe to record all its financial transactions. The system is arithmetically correct. Weekly Reconciliations are undertaken as a minimum. These reports are subsequently presented to Full Council. Prior to May 2023 they would also be presented to Finance and Governance, however, in May 2023 the Council agreed to trial 2 Full Council meetings per month instead.

Standing Orders and Financial Regulations

Standing orders and Financial Regulations were agreed to accept without amendment at Full Council in May 2023. These documents are reviewed yearly.

The new Financial Regulations and Standing Orders are not currently on the website as the Council are in the process of revamping their website.

Documentation Readoption at Full Council

Along with the Standing Orders and Financial Regulations the following policies were readopted without amendment during the meeting of 15th May 2023

- Code of Conduct

Payment Controls

Staffing

The finance department comprises of 1 members of staff, the RFO

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.

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 £500 they shall strive to receive 3 quotes.

The following items over DeMinimus have been observed within the financial information:

22/05/23 - £3834 Shipping Container
22/05/23 - £3037.04 Security Hire
21/7/23 - £13,546.28 BT Diversionary Works
28/07/23 - £3300 Yorkshire Day Entertainment
22/8/23 £3570 – Grant Donation

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 is provided to Full Council at each meeting where payments are agreed.

A number of invoices across the period April 2023 to September 2023 have cross checked against the bank statements.

VAT reporting

VAT has been reported and reclaimed correctly. The council uses Scribe and MTD reporting to provide the information to HMRC.

S137 Expenditure

The Council does not have GPOC currently due to the number of Councillors. The number of Electors in the Parish is 6709 x £9.93 = £66,620.37. I can confirm the Council has remained within its allowance.

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.

Risk Management Arrangements

Risk Assessments

The Risk Assessment was agreed reviewed in September 2023 and is completed yearly. It is a comprehensive document and we are pleased to note it has noted the balances in the bank accounts in one banking institution.

Unusual Financial Activity

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

Insurance Cover

The Council is insured with Zurich and the policies appear to be comprehensive.

Internal Controls

Internal Controls have not been reviewed and will form part of year end Audit. We will review if it complies with Point 1.5.4 of your Financial Regulations

Investments

The Council currently does not have any formal Investments other than Savings Accounts

GDPR

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

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.

Budgetary Controls

Budget Preparation

The process of budgeting begins in September in order to prepare an Interim Budget for the October meeting. This involves reviewing any in-years adjustments and reserves. The Councillors review the Budget in November and December the finalised budget is presented with final agreement usually in January.

Budget Reviews

The Council at the time of writing this report did not have a Finance and Governance Committee. Bi-monthly, at Full Council the large expenditure headings are reviewed actual vs budget with small budget headings being reviewed on an as needed basis.

Budget Variances

The Council has spent approximately 40% of precept up to October. The Actual vs budget will be reviewed at Year end for any budget headings that have significant differences.

Income Controls

Precept

The precept reviewed matches the request sent to Selby District Council.

Cash and Near Cash Security

There are no chains of office or petty cash. The cash held relates to MUGA rentals and Allotment fees. These fees are kept in a safe.

Income Properly Recorded and Banked

Receipts relate to MUGA rental, allotment plot fees and grant income.

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.

Debit Card

The Council has two Debit Cards. One is held by the RFO and the other by the Asset Maintenance Manager.

Payroll Controls

Staffing

All members of staff have current job descriptions and terms and conditions. The council also has an annual appraisal process. Most of the Council staff are on NJC contracts.

Payroll Processing

The payroll was spot checked and found to be in order. Payments as per the Employer's summary have been observed in the bank statements.

PAYE, NIC and Pension Payments

PAYE, NIC and Pension all in order and as expected

Expenses

No expenses have been observed as part of the Sample Review

Approval of salaries and increments

Most of the members of staff at the Council are on NJC contracts. Therefore pay increases are calculated, sent to the Chair and then calculations are approved at the next meeting. Appraisals processes are in place.

Minimum Wage Threshold Met

All members of staff are paid above the National Living Wage

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.

HR Procedures and policies adopted.

Relevant HR policies are in place.

Training Policy and record for staff and elected members

The Council has a training policy in place.

Auditor will ask for sight of training records as part of the Year end Audit

Qualified Clerk

The RFO/Proper Officer is CILCA qualified and the Deputy Clerk is ILCA qualified and currently studying CILCA. The Administrator has done the Introduction to New Clerks course with YLCA.

The Clerk/Proper Officer is also a CILCA trainer.

Annual Staff Appraisals

Yearly appraisals are undertaken,

H&S review of staff workstation & PC Equipment undertaken.

The Council uses a system called IAuditor to review and control risk and potential Health and Safety issues

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.

Asset Control

Register

The asset register will be fully reviewed against AGAR. The Asset register is held in Excel form rather than listed in Scribe.

Insurance

The council is potentially under insured on assets. Asset register for items excluding land and buildings equates to £516k but insurance is £322k

Bank Reconciliations

Bank reconciliations are present for all accounts. These are reconciled monthly in Scribe and match physical bank statements. Differences observed in prior months but in September they match exactly.

Burial Authority

The Council is not a Burial Authority

Market Authority

The Council is not a Market Authority

Facilities Management

The Council manages a MUGA pitch via Scribe.

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.

Allotments

The Council manages Allotments currently on Excel but we have noted the Council have access to the Allotments module of Scribe.

Allotment income has not formed part of the Sample review and will form part of the Year End Audit

Monies in Bank

The Council noted in their Risk Assessment that funds in Co-op Accounts were over £85,000 per FSC guidance and we have noted extra accounts have been opened in other banking institutions.

Earmarked Reserves

The Council has a number of Earmarked Reserves which have been observed during this Audit.

Debtors & Creditors

This will be reviewed at year end

Accruals & Prepayments

This will be reviewed at year end

Year End AGAR & Accounts

This will be reviewed at year end

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.

Trust Funds/Charity

Per the June meeting minutes the Council has a Charity which will need to be reported under Trust funds at year end. This is the Sherburn in Elmet Recreation & Sports Ground which is registered under the Charity No. 1092492.

We have reviewed the records on The Charity Commissions website and found it to be in order per our discussions with the RFO/Proper Officer.

We are satisfied the Council are completing their duties relating to the Charity.

Other items of Note

The council is registered with the Information Commissioners Office under membership number: Z2199292 and expires in April 2024.

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

Arrangement for inspection of public records

The is sufficient provision for the public inspection of records

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

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

We recommend/comment that:

- Note from April meeting minutes. White Rose invoice discussion states “The meeting noted that the Invoice was over £1,000 and the correct process of obtaining three quotes had not been received. Councillors voiced concerns about breaching financial regulations” However, your Financial regulations state £3000.
- Financial Regulations state “Are all previous payments listed in the minutes” However, the following meeting minutes did not include this:
 - April 2023
- Query over the additional listed items on page 5 (of 15) of the Policy Schedule. This is not necessarily land and premises but the additional listed items which includes play equipment and VAS signs. These "listed items" appear to have a greater total than the sum insured for. Suggest this needs checking with the insurance providers to ensure that all listed items are adequately insured
- The Council’s name on the ICO register is “Parish” rather than “Town”. Please update.

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.

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.