



## **Interim Internal Audit Review January 2023**

**Covering Dates between April 2022 and September 2022**

Provided by: Account-ant Yorkshire Limited

For: RFO – Andrew Towleron

Date Issued: 17<sup>th</sup> February 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 Parish Councils and the preparation of the AGAR are included in Joint Panel on Accountability & Governance (Practitioner's Guide) March 2022. A copy of which can be found on [nalc.gov.uk](http://nalc.gov.uk)
- III. Internal Audit is a key component of the council's system of internal control. The purpose of an 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 Ecclesfield Parish Council commenced in January 2023 and was completed in February 2023. The Audit was conducted offsite with files uploaded to the Auditor's Dropbox & a zoom call. The period covered was April to September 2022.
- VI. All aspects of the internal audit were covered bar the year end procedures which will be covered in our post year end visit.

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## About Account-ant Yorkshire Limited

Ecclesfield Parish Council has appointed Account-ant Yorkshire Limited with the view to complete Interim and Year End Internal Audits for the Council for at least 2022/23.

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 on town and parish council audits in 2018 and has gained a vast amount of knowledge and experience in the subsequent years.

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## Summary

I have reviewed a wide range of documentation including that provided by RFO and admin and financial officer (Andrew & Laura) as well as the Parish Council website.

Andrew, Laura and myself initially had a telephone conversation with regards to documentation requirements which was subsequently followed up with a zoom call with Andrew on Tuesday 24<sup>th</sup> January 2022

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## Findings

### Proper Bookkeeping

Ecclesfield Parish 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. Payments are reviewed and authorised at Full Council meetings monthly.

### Standing Orders and Financial Regulations

The Standing Orders were approved by Council in June 2022 and Financial Regulations were approved by Council in November 2022.

### Documentation Readoption at Full Council

Along with the Standing Orders and Financial Regulations, the following policies were readopted without amendment during the year 2022/23

- Bereavement Policy
- Menopause Policy
- Covid Support & Recovery Fund
- Disciplinary Policy
- Grievance Policy
- Annual Leave Policy
- Data Protection Policy
- Corporate Risk Assessment
- Management of Recording Meetings
- Privacy Notice (Employees and General)
- Information Policy
- Complaints Policy
- Website Policy
- Website Accessibility Statement
- Transparency Code Policy
- SARs Policy

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- Policy on your Rights in Relation to Data
- Model Publication Scheme
- Volunteer Policy
- Freedom of Information Policy
- Documentation Retention Policy
- Working from Home Policy

## **Payment Controls**

### Staffing

The Council's Finance Department as of Interim Audit primarily comprised two members of staff. The RFO and the Finance and Administration Officer.

### 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.

During the sample review some items over the De Minimus were chosen and found to have the requisite 3 quotes.

### Sample Review

The Auditor reviewed a sample of purchase 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.

The only income is CIL funding and transfers between current and savings accounts.

### VAT reporting

One VAT report has been observed for the period March to September 2022 which was submitted in November 2022.

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## S137 Expenditure

The Council has General Power of Competence and ,therefore, this expenditure is included through the P&L with all expenditure.

## **Risk Management Arrangements**

### Risk Assessments

Risk Assessment documentation was reviewed and found to be sufficient. Agreed at Full Council March 2022.

### 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 through Zurich which is comprehensive.

### Internal Controls

The Internal Controls are set out in the Financial Regulations. However, for ease of reference I will provide a brief overview here.

Once a month a Councillor attends the Council Offices. There are two Councillors that often check the records on separate occasions, one focuses on checking payroll is correct whereas the other Councillor checks the invoices by going through the bank statements and initials the invoices accordingly. They have not found any issues of note.

The Chair of the finance committee also comes in for a monthly meeting before the accounts vs budget are given to Full Council monthly.

### Investments

The Council has recently agreed an Investment Policy. It currently has some investments in Scottish Widows. The placement on the AGAR will be checked at year-end.

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## GDPR

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

## **Budgetary Controls**

### Budget Preparation

The RFO develops an initial budget proposal to assist Councillors with deciding the level of precept required. Along with this proposal is a plan for expenditure and a precept calculation. There are a number of different scenarios provided to the Council for discussion at Full Council in November or December.

### Budget Reviews

The actual vs budgets are reviewed at Full Council on a monthly basis.

### Budget Variances

No significant, unexplained variances were observed.

## **Income Controls**

### Precept

The precept request via email was observed.

### Cash and Near Cash Security

The Council holds a small amount of petty cash. The petty cash box is locked and kept in a locked room. There is very little opportunity for theft.

The Chairman's chains are kept in a fireproof safe in the Clerk's office, however, the safe cannot be locked.

The Chairman's chains are fully covered on insurance if they stay overnight at the Chairman's home.

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### Income Properly Recorded and Banked

The only income observed was via bank transfer which was properly recorded. There is no cash.

### Multipay Card/Credit Card

The Council does not have a Credit Card or a Multipay Card.

## **Payroll Controls**

### Staffing

All members of staff have current job descriptions and terms and conditions. The Council also has an annual appraisal process. During appraisals it was noted that two employees required job reviews due to the nature of their work changing substantially compared to their original job description.

### Payroll Processing

Payroll is processed internally using Sage Payroll. Andrew has highlighted that the PAYE due on the report does not match the amount due as shown in the government gateway.

It's only out by pennies so it is not material, however, I have asked Andrew to contact Sage to find out whether an update is required. I am aware Sage released an update recently.

### PAYE, NIC and Pension Payments

As mentioned payments for PAYE do not match that shown on the Government Gateway.

### Expenses

No expenses were chosen as part of the sampling of income and expenditure.

### Approval of salaries and increments

The Council adopts NJC terms and conditions. NJC increases are budgeted and reported to Council. This is across the board apart from the cleaning staff.

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### Minimum Wage Threshold Met

One member of staff is currently on Minimum Wage.

### HR Procedures and policies adopted

There are internal HR Policies and procedures which have been created following guidance from a professional body.

### Training Policy and record for staff and elected members

There is a training policy and training requirements are monitored regularly.

### Qualified Clerk

The RFO is a qualified Clerk. The Administration and Financial Officer is FILCA qualified.

### Annual Staff Appraisals

Appraisals are undertaken in March.

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

A Health and Safety at work policy is in place.

## **Asset Control**

### Register

The Asset register is not reviewed as part of the interim audit as it is officially updated yearly and reconciled as part of the AGAR process.

### Insurance

Insurance in relation to assets was not reviewed as part of the interim audit as the asset register is updated yearly.

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## **Bank Reconciliations**

Bank reconciliations are present for all accounts. These are reconciled monthly in Rialtas and match physical bank statements. No differences have been observed.

## **Burial Authority**

### Income for burials/permits

The Council is not a burial authority.

### Burial Plan

The Council is not a burial authority.

### Statutory Reports Kept / Stored Safely

The Council is not a burial authority.

### All interred ashes have certificates of cremation

The Council is not a burial authority.

### Permits properly documented and stored

The Council is not a burial authority.

## **Market Authority**

### Fees charged in accordance with approved rates

The Council does not hold a market.

### Agreements/licences issued to all stall holders

The Council does not hold a market.

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## Other items of Note

The Council is registered with the Information Commissioner's Office under membership number: ZA557164 and expires in November 2023.

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

### Arrangement for inspection of public records

There is sufficient provision for the public inspection of records and a policy and procedure is in place.

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## Recommendations/Further Information Required

We recommend that:

- The safe be replaced or fixed to improve the security of the cash and near cash assets of the Council.
- Sage be contacted with regard the payroll differences
  - If that is not the reason then call HMRC. Even though it is not material values it could add up overtime and means the reports do not balance.

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