



Internal Audit Review April 2023

Audit Trail Checks covering October 2022 to April 2023

Plus Year End AGAR & Processes

Provided by: Account-ant Yorkshire Limited

For: Andrew Towlerton

Date Issued: 23rd 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 Ecclesfield Parish Council commenced on 23rd February 2023 with the remote completion of an Interim Internal Audit of including transactions from April to September 2022, this was followed up by Year End Review which commenced 12th May 2023
- 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

Ecclesfield 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)

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 & RFO as well as the Parish Council website.

Our audits have been completed remotely. My contacts being Andrew Towleron & Laura Tickle.

I have only met Andrew Towleron via a Zoom call.

The Council has been open and clear with regards any queries I have made

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 Parish 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

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 which are held monthly.

Standing Orders and Financial Regulations

Standing orders and Financial Regulations were agreed at Full Council June and November 2022 respectively.

Both are accessible on the website:

Financial Regulations:

<https://ecclesfield-pc.gov.uk/wp-content/uploads/2023/01/Financial-Regulations-September-22.pdf>

This is due for review September 2023.

Standing Orders:

<https://ecclesfield-pc.gov.uk/wp-content/uploads/2022/07/Standing-Orders-with-addendum-2022.pdf>

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.

Documentation Readoption by Finance & General Purpose Committee

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

All of the following can be found <https://ecclesfield-pc.gov.uk/document-category/policies/>

- Annual Leave Policy
- Bereavement Policy
- Bully and Harassment/Dignity at Work Policy
- Complaints Policy
- Corporate Risk Assessment
- Corporate Risk Assessment 2022/23
- Covid Support & Recovery Fund
- Data Protection Policy
- Disciplinary Policy
- Document Retention Policy
- Draft Asset Register 23/24
- Draft Corporate Risk Assessment 23/24
- Draft Flexible Working Policy
- Draft Health and Safety Policy 2023
- Draft Working From Home Policy
- Equal Opportunities Policy
- Freedom of Information Policy
- Grievance Policy
- Information and Information Technology Policy
- Investment Policy
- Lone Working Policy
- Management on Recording of Meetings Policy 2022
- Menopause Policy
- Mobile Phone Policy
- Model Publication Scheme 2022
- Pensions Policy
- Performance Appraisal Policy
- Policy on Your Rights in Relation to Your Data

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.

- Privacy Notice (Employees and General)
- Recruitment & Selection Policy
- Sickness Absence Policy
- Signed Armed Forces Covenant Document
- Subject Access Request (SAR) Policy
- Training and Development Policy
- Transparency Code Policy
- Volunteer Policy
- Website Accessibility Statement
- Website Policy

Payment Controls

Staffing

The Finance Department at Year End Audit comprised of two members of staff. The RFO and Administrative Support – Queried whether this is still the case.

Purchases above De Minimus

Items over £2500 have the relevant contract in place and/or 3 quotes have been received unless the work undertaken was specialist.

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 given during each Full Council Meeting.

VAT reporting

Generally, the VAT return is produced quarterly, however, the Council have recently experienced significant delays in returns being processed and monies received. The finance department only process a return once monies have been received for the one prior.

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.

Grants Given

Grants given over £2k resulted in the recipient providing a report within 12 months of receipt.

Risk Management Arrangements

Risk Assessments

Corporate Risk Assessment dated April 2023 seen.

Burial Authorities

This Council is not a Burial Authority.

Unusual Financial Activity

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

Insurance Cover

Insurance cover appears to be comprehensive.

Internal Controls

The Internal Controls are set out in the Financial Regulations.

Once a month a Councillor attends site. 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 going through the bank statements and initials the invoices accordingly. They have found no issues of note.

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.

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

Investments

The council has an Investment Policy.

It has an investment with Scottish Widows in the "Business Fund" Account but this is an easy access account which therefore means it does not sit in the "Long Term Investment" section of the AGAR.

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

Variances to budget were observed across the Board but satisfactorily explained.

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 request via email was observed during Interim Audit.

Cash and Near Cash Securities

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

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

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

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 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 require job reviews due to the nature of their work changing substantially compared to their original job description – Queried.

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.

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. He has contacted HMRC who have advised their numbers are correct and any tidy up required will be done at year end.

The differences being seen are not material.

PAYE, NIC and Pension Payments

As mentioned payments for PAYE per the Sage Reports do not match the bank.

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.

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.

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.

Qualified Clerk

RFO is CILCA qualified.

Annual Staff Appraisals

Appraisals are undertaken.

H&S review of Staff Workstations and PC equipment

H&S at work policy is in place.

Asset Control

Register

The Asset Register provided initially was produced based on insured value rather than purchase value. This has been updated. This comment is written just to serve as a reminder that Council's Asset Registers are based on purchase value.

Insurance

Insurance value broadly matches the Asset Register provided.

Bank Reconciliations

Bank Reconciliations are present for all accounts. These are reconciled monthly in Rialtas and matched to the physical bank statements. No difference observed.

Grants

A log of receipt vs expenditure is kept for Grants received.

Accounting Principles

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.

The Council are operating as Income and Expenditure.

Allotments

The Council are operating as Income and Expenditure.

Facilities Management

The council manages a Hall. They do not use any third-party software for this. Invoices are processed through Rialtas.

Earmarked Reserves

The council does not have a specific Reserves Policy. See recommendation.

Monies in Bank

The Parish maintains several bank accounts, each one is under the FSC regulated balance of £75,000.

Year End & AGAR

Year end AGAR matches back to the Trial Balance Provided.

Trust Funds Independent Examination

The Council are Sole Trustees of Grenoside Exhibition Foundation which gives grants to young people for Educational Purposes. The Charity is Independently examined and is up to date per the Charity Commission records.

Other items of Note

The council is registered with the Information Commissioners Office under membership number: ZA557164 and expires in November 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.

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

Arrangement for inspection of public records

A copy of the Council's Model Publication Scheme can be found at

<https://ecclesfield-pc.gov.uk/documents/model-publication-scheme-2022/>

Memberships

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

SLCC

NALC

ICO

Recommendations/Further Information Required

The Auditor notes the website needs some improvement, issues found such as:

- Some of the Policies in the Policies section are duplicated due to updated versions being uploaded. Consider removing older versions

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.

- Some of the Policies on the website say Draft but were published some time again (i.e. Draft Working From Home Policy)
- The Minutes section of the Website is difficult to navigate – I believe this is because it is ordered on upload date. I struggled to find the minutes after December 2022. Please check and update accordingly if possible.

Other Recommendation/s

- Recommend the Council implements a Reserves Policy and related review procedure. The Investment policy relates to where the Reserves are kept into terms of best interest rates and minimised risk but it is not clear how the other side of the double entry is working. How does the Council decide which reserve nominal is adjusted at year end. Are the reserves still relevant and how often are they reviewed? I would recommend quarterly review as a minimum to ensure the Council is not unduly inflating their costs and thereby requesting a larger precept than is necessary

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.