



# ANSTON PARISH COUNCIL

## **DRAFT** 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: Michael Gazur, RFO

Date Issued: 12<sup>th</sup> May 2023

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## 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](http://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 Anston Parish Council commenced on 7<sup>th</sup> January 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 3<sup>rd</sup> May 2023
- VI. All aspects of internal audit were covered.

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## About Account-ant Yorkshire Limited

Anston Parish 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 Clerk & RFO as well as the Parish Council website.

Our Audits were completed remotely I have only met Michael Gazur 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.

## Findings

### Proper Bookkeeping

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.

Anston Parish Council uses an Accounting System called Scribe to record all its financial transactions. The system is arithmetically correct. Monthly Reconciliations are undertaken as a minimum

## **Standing Orders and Financial Regulations**

Standing orders and Financial Regulations were agreed at Full Council in May 2022.

Both are accessible on the website:

Financial Regulations:

<https://www.anston.gov.uk/uploads/apc-financial-regulations-16th-may-2022.pdf?v=1653314734>

Standing Orders:

<https://www.anston.gov.uk/uploads/anston-parish-council-standing-orders-16th-may-2022.pdf?v=1653317486>

## **Documentation Readoption by Finance & General Purpose Committee**

Evidence of review was found in the meeting minutes for the following policies:

- Vexatious and Habitual Complaints Procedure
- Complaints Policy
- Adoption of Member/Officer Protocol

The Auditor noted that some policies are on the website but only able to find them using the search option

## **Payment Controls**

### Staffing

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The Finance department comprises of a Clerk and RFO. 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.

However, it has been a struggle to find documentation which has been attributed to a change of personnel.

#### 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 given during each Finance & General Purpose meeting.

#### 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

The risk assessment was reviewed within the February 2023 Finance & General Purpose Committee Meeting

#### Burial Authorities

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The council is a burial authority. The Auditor used

### 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

Evidence of Monthly internal controls being undertaken per the meeting minutes

### Investments

The Council does not have any investments

### GDPR

The GDPR policy forms part of the Privacy Policy is on the website – see recommendations

## **Budgetary Controls**

### Budget Preparation

Budget meetings start in October (usually two or three) then approval by Finance Committee and referral to full council for final approval. This was January 2023

### Budget Reviews

The management accounts are reviewed by the Finance and General Purpose Committee monthly this includes a variance to budget

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## Budget Variances

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

## **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 does not have Petty Cash. If cash is handled, it relates to the Allotments and is promptly banked

### Multipay Card/Credit Card

The Council currently does not have a card but it has been discussed during meetings for a balance of £500. This project was put on hold awaiting the arrival of the new Clerk

## **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. Payment is made around 15<sup>th</sup> of the current month

### Expenses

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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 Staffing Committee

#### Minimum Wage Threshold Met

All members of staff are paid above the National Living Wage

#### HR Procedures and policies adopted

##### Queried

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

The Council has a training policy in place

Asked to see the Training Record

#### Qualified Clerk

RFO is CILCA qualified and newly appointed Clerk is working towards CILCA

#### 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.

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## **Asset Control**

### Register

The Large year on year movement relates to the disposal of the Lydgate from the asset register as believed to not belong to the Council on further inspection

### Insurance

Insurance appears to be comprehensive

## **Bank Reconciliations**

One bank reconciliation presented which matches the accounts

## **Grants**

A log of receipt vs expenditure is kept for Grants received

## **Accounting Principles**

The Council are operating as Income and Expenditure.

## **Allotments**

The council owns and manages a number of Allotments and has been using third party software. The Admin team have been unable to access it properly since a change in personnel

Allotments are charged pro rata based on size of plots. For 22/23 this will be £56 per 300 sq yards.

## **Facilities Management**

Offices are rented but this is not managed through a booking system

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## **Earmarked Reserves**

The policy is on the web site (Finance page). Reserves are discussed monthly (Finance meeting) and monthly update on reserves is posted on the web site (Finance page).

## **Monies in Bank**

The overall bank balance is higher than the FSC regulations. However, only the required amount for the normal day to day running of the Council is held in a Current Account

## **Year End & AGAR**

Year End AGAR matches the paperwork given. I would strongly recommend using Scribe to it's full potential in the future where possible— you are currently duplicating effort

## **Trust Funds Independent Examination**

Whilst completing the Audit for the Parish Council we also independently reviewed the Recreation Ground Trust which is reported to The Charity Commission under Charity Number: 1086515.

The Auditor also reviewed the Charity on the Charity Commission website to ensure reporting requirements were undertaken correctly and on time.

The trust is found to be sufficiently managed and controlled.

## **Other items of Note**

The council is registered with the Information Commissioners Office under membership number: Z8005784 and expires in August 2023

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

#### Arrangement for inspection of public records

Members of the Public are welcomed to attend the Parish Council offices on any day during the inspection period. The relevant documentation will be provided for inspection on arrival

#### 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

ICCM – Burial Association

NAS – National Allotment Society

Open Spaces Society

Chesterfield Canal Trust

ICO

## **Recommendations/Further Information Required**

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- We recommend that the Standing Orders are in a Clear location. The Auditor used the search box to find them. Perhaps a new section called “Policies” is required
- That Budget and Precept be agreed at Full Council after it has been agreed by the Finance Committee
- Many of the meeting minutes state Draft – please amend as I do not believe this is correct
- No evidence of the Budget or Precept being agreed by Full Council.
- As recommended on my interim report a thorough system, in line with your Financial Regulations needs to be implemented with regards your Contracts and Items over De Minimus.
- The Auditor did not find the website particularly user friendly. This may be a consideration for review
- Recommend that all policies available on the website under a policies section. This is for transparency for the public.
- Recommend the Council considers Scribe Allotments as then Accounts, Cemetery and Allotments are all in one place and integrated. The Auditor is concerned that the Allotment system seems to be inaccessible since a change in personnel.

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