

Anston Parish Council

Interim Internal Audit Review January 2023

Covering Dates between April 2022 and September 2022

Provided by: Account-ant Yorkshire Limited

For: Clerk & Deputy Clerk

Date Issued: 7th January 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 Anston Parish Council commenced on in January 2023 and was completed early January 2023. The period covered was April to September 2022
- VI. All aspects of internal audit were covered bar the year end procedures which will be covered in our post year end visit.

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Findings

Proper Bookkeeping

Anston Parish Council uses an Accounting System called Scribe to record all its financial transactions. The system is arithmetically correct. Monthly Reconciliations are undertaken and subsequently presented to the Finance & General Purpose Committee.

Standing Orders and Financial Regulations

Standing orders and Financial Regulations were agreed at Full Council in May 2022. These documents are reviewed yearly

Payment Controls

Staffing

The Finance department comprises of the Locum 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.

During Sampling an invoice for HAGs was chosen at random. Auditor requested evidence of 3 quotes being obtained. Whilst physical evidence of quotes was not available an email trail was provided to evidence at least 2 suppliers had been reviewed.

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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 Finance Committee at each meeting where payments are agreed.

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 has been granted "General Power of Competence" to process such items through the P&L. This will remain in place until May 23. Should the council not be able to appoint a CiLCA qualified Clerk by this point they will forfeit the general power of competence.

Risk Management Arrangements

Risk Assessments

Risk Assessment documentation reviewed and found to be sufficient

Unusual Financial Activity

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

Insurance Cover

The council has insurance policies including Public and Employer's Liability along with assets under a Local Council policy. Each policy appears to be adequate and appropriate but request further review of assets for clarification

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Internal Controls

Internal Controls are set out in the Financial Regulations and audit checks can confirm they are being completed.

Budgetary Controls

Budget Preparation

Each year the Council undertakes an extensive budget process. This starts with a draft budget being reviewed, line by line by the Finance & General Purpose Committee. The process starts in October. Once the Finance & General Purpose Committee are in agreement with the budget it is given to Full Council for review and/or agreement in January.

Only once the budget is agreed Full Council will the precept be requested from Rotherham MBC

Budget Reviews

The Finance and General Purpose Committee reviews the actual versus budget monthly.

Budget Variances

No significant, unexplained variances were observed.

Income Controls

Precept

The precept reviewed matches the request sent to Rotherham MCB. Rotherham MBC does not provide a notification.

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Cash and Near Cash Security

The Council does not have Petty Cash. Cash rarely handled usually relates to allotments. This is promptly banked at the local Post Office.

Multipay Card/Credit Card

The Council does not currently have a credit card for small expenditure items. However, they are in the process of setting this up as the Council have recently approved this with a limit of £500.

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 15th for current month.

Expenses

Expense claims observed as part of the sampling exercise and found to be reasonable.

Asset Control

Register

An up to date version of the asset register has been provided. Only one asset purchased in the year so far. The Asset register is agreed by Full Council once per year and agrees to the AGAR.

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Insurance

The insurance of assets is covered a Local Council's Policy

Insurance Declared value of approx. £3.3m vs asset register of £1.2m. This may be due to property valued at £1 nominal value.

Bank Reconciliations

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

Other items of Note

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

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

The Council does not hold Trust Funds or investments.

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Recommendations/Further Information Required

We recommend that;

- When an item of expenditure is over the de Minimus level please ensure 3 quotes are saved within a filing system (be that cloud or physical) to ensure it is easily available on enquiry
- On enquiry with regards little movement on the Asset register, the clerk advised the current play equipment on the asset register was a similar value to the new equipment and therefore asset register was not updated. However, I would suggest a review of the Asset Register for additions AND disposal be completed at least yearly to ensure the Council is not over insured and is also report assets correctly in the AGAR.

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