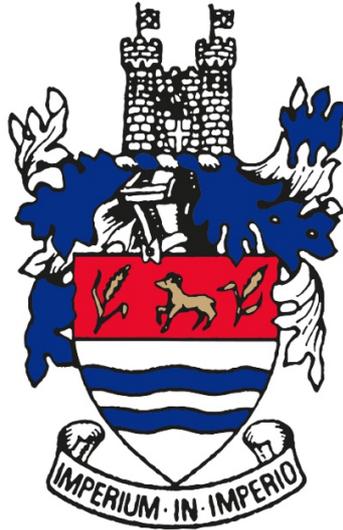


Wetherby Town Council & Wetherby Town Hall Charities



Internal Audit Review June 2023

Audit Trial Checks covering January – March 2023

Plus Year End AGAR and Processes

Provided by: Account-ant Yorkshire Limited

For: Iona Taylor, Clerk & RFO

Date Issued: 6th June 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
- 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 Wetherby Town Council commenced in January 2023 with Interim Audit which was completed February 2023. We commenced year end Audit in June 2023. Both audits were conducted offsite with remote access to the Councils Finance files & a zoom call. The Audit trail of documents were for January to March 2023 with Year End Accounts and AGAR, as well as some processes reviewed in June 2023
- 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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About Account-ant Yorkshire Limited

Wetherby Town Council has appointed Account-ant Yorkshire Limited with the view to complete Interim and Year End Internal Audits for the Council for a period of up to 3 Financial Years.

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 Town and Parish Council Audits in 2018 and has gained a vast amount of knowledge and experience in the subsequent years.

She employs a number of similarly qualified individuals to take over audits after 3 years to allow the relationship with the Council to remain.

This allows the Audit to be completely de-void of over familiarity or bias.

The Auditor for the period April – March 2023 is Rachel Bernadette Pearson ACMA (MiP)

Summary

I have reviewed a wide range of documentation including documentation provided by the Clerk as well as the Town Council website.

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.

Iona, myself and Councillor Connor Mulhall, met via Zoom on 11th January 2023 where a number of subjects were discussed including future developments within the Council.

Year end Audit has been conducted via email and telephone call.

Iona 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

Having reviewed the Town Hall Charity, I believe there are areas for improvement which I will set out in my recommendations.

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.

Wetherby Town 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. These reports are subsequently presented to the Budget & Governance Committee.

Standing Orders and Financial Regulations

Standing orders and Financial Regulations were agreed to accept without amendment at Full Council on 10th May 2022 under note 14 22-23. These documents are reviewed yearly. Please see recommendations as it came to the attention of the Auditor the version of the website states 2019. The previous audit recommended to make sure that the most up to date versions are online which has been acted upon.

However, I would add a recommendation to add the signed copy to the website (with redacted signatures) to ensure clarity for the general public.

Documentation Readoption at Full Council

Along with the Standing Orders and Financial Regulations the following policies were readopted without amendment during the meeting of 10th May 2022 under note 14 22-23

- Publication Scheme
- Communications Policy
- Policy for the Protection and Safeguarding of Children and Adults at Risk
- Privacy Notice
- Reserves and Investment Policy
- Complaints Procedure
- Training Policy

These are up to date as per previous discussions in terms of content and signed version are available on site, however, as mentioned earlier redacted signature versions would improve clarity for the general public.

Payment Controls

Staffing

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The finance department comprises of 3 members of staff. Clerk, Deputy Clerk & Finance Assistant

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.

No Items over the DeMinimus were chosen in the sample chosen for January to March 2023.

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 2022 to March 2023 have cross checked against the bank statements.

VAT reporting

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

S137 Expenditure

The Council has not been granted “General Power of Competence” to process such items through the P&L. They anticipate this to change in May 2023. Therefore, S137 Expenditure is reported separately.

The budget for such expenditure is approximately £60 for the purchase of wreaths etc. Based on section 137(4)(a) of the Local Government Act 1972 (the 1972 Act)

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S137 maximum values for Wetherby is £8.82 per Elector with population at approximately 11,000 = £92,510 total spend available per year.

Risk Management Arrangements

Risk Assessments

Risk Assessment documentation reviewed and found to be sufficient. Agreed at Full Council 10th May 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 BHIB under a Local Councils Policy which is comprehensive.

Internal Controls

During the meeting on 10th May 2022 the Council resolved to approve the Audit Plan and Internal Controls Documentation without amendment (note 18 22-23). The process for Internal Audit is set out in Point 2 of the Financial Regulations

Investments

The Strategy toward investment was reviewed in the meeting dated 10th May 2022. However, at the moment the Council does not have any investments. They are currently considering several options which will most likely be implemented after May's elections

GDPR

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

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Budgetary Controls

Budget Preparation

In the year 2022/23 the budget was not completed to the same high standard as previous years due to miscommunication and staff illness.

A budget was not produced, rather the precept was agreed in January 2022

On return to work the Clerk finalised a budget, with the precept in mind, which was presented to Council and minuted on 10th May and 14th June 2022.

The process for the period 2023/24 has been more collaborative between the Staffing, Budget and Governance and Town Hall committees.

Budget Reviews

The Budget & Governance Committee reviews the actual versus budget monthly.

Budget Variances

No significant, unexplained variances were observed. Monthly Reports of Budget vs Actual are provided to Full Council and a more in depth version is completed 6 monthly – the last version being completed in December.

Some works required at the Council's properties but were not budgeted as noted on the meeting minutes of 14th June 2022.

There were also increased costs incurred relating to the results of the Staffing and Structure review which was undertaken in June 2022.

Income Controls

Precept

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The precept reviewed matches the request sent to Leeds. Leeds does not provide a notification. Note the budget does not reflect the precept due to the process undertaken at the time. This has since been rectified

Cash and Near Cash Security

The Council holds a small amount of Petty Cash. During Interim Audit we made a recommendation to tighten controls around cash handling. However, the local banking branch is being closed and the Council have made the decision to not accept cash in future.

Income Properly Recorded and Banked

Income is banked same day where possible or deposited in the safe or in a banking folder in a locked office. Whilst this happens usually, it has been noted that a small number of occasions have raised a concern which in turn is being raised with the Staffing Committee

Multipay Card/Credit Card

The council does not have a Multipay or Credit Card. Any expenses incurred are either disbursed from petty cash or paid via bacs.

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

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An External company called DMK Payroll runs the payroll. However, the collation of data such as hours for variable hours staff, tax codes, sick leave, adjustments and pensions is completed by the Clerk.

Once Payroll posting is confirmed reports are stored and Pensions payments are ready for authorisation at Full Council.

Payments are made the day after the Council meeting.

PAYE, NIC and Pension Payments

Payments match payroll ran by DMK Payroll for the periods selected.

Expenses

A number of expenses were chosen in the sample for January to March 2023. They were found to be reasonable and appropriately authorised.

Approval of salaries and increments

The Council adopts NJC terms and conditions. NJC increases are budgeted and reported to Council

Minimum Wage Threshold Met

All members of staff are paid above the National Living Wage

HR Procedures and policies adopted.

ELAS provide services to the Council and have assisted in the producing appropriate HR policies.

Training Policy and record for staff and elected members

The Council has a training policy in place.

Auditor has had sight of some training records during the Interim Audit.

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A budget provision has been added to the 23/24 budget in case of significant changes to the membership of council and committees after election.

Qualified Clerk

The Clerk, Iona Taylor completed her CILCA qualification and General Power of Competence declared at the Annual Town Council Meeting in May 2023.

Annual Staff Appraisals

Appraisals are undertaken in March.

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

Elas attend 4 times per year in the capacity of H&S Consultant. However, this role is likely to be completed by the Facilities Manager who has recently been recruited.

Desktop reviews occur as and when new starters arrive. The Facilities Manager completes a monthly walk around of the compliance items such as Emergency Lights, Fire Alarms, Extinguishers as a minimum.

The record keeping with regards H&S have been consolidated into one document for ease of reference and planning.

Asset Control

Register

Asset register reviewed and appears to be complete and up to date – the Council update this document yearly. A difference YoY of £29k mainly relates to Skate Park & Playground equipment.

Insurance

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Insurance appears comprehensive and the insurance value is above the purchase price value which means the Council is sufficiently (rather than under) insured.

Bank Reconciliations

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

Burial Authority

Income for burials/permits

A sample of 3 transactions were randomly chosen and found to be in order.

Burial Plan

Picture of Burial plan seen. This is a very old document which has plot numbers. The cemetery plan is now systemised digitally using a system called Pear.

Statutory Reports Kept / Stored Safely

Storage has been improved

All interred ashes have certificates of cremation

The burial samples chosen did not include a cremation that had occurred at the time of the Audit. The Auditor will add to their notes for year end audit.

Permits properly documented and stored

Permits are stored digitally.

Safety

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The whole cemetery was tested in 2021 for safety. Some monuments were laid down immediately as safety hazards.

The process of contacting families starts in February. Once families have been contacted and agreed to the remedial works, then this can start. Remedial works are charged to the families where possible.

Market Authority

Fees charged in accordance with approved rates

As part of the wider sample review, some market receipts were chosen. These were found to be in line with agreed rates

Agreements/licences issued to all stall holders

Agreements and Licences tested were in line with agreed rates.

Monies in Bank

We note the amount in the Savings Bank Account at Year End is above the £85,000 limit of FSCS protection. The council are aware of the balances in accounts as they are reported monthly however, we are highlighting this for transparency.

Earmarked Reserves

The Council has a number of Earmarked Reserves.

Debtors & Creditors

The Council has minimal Debtors and Creditors at Year End which shows good cash management is in place.

Accruals & Prepayments

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The Council does Accrue and Prepay some expenses. The value is minimal

Year End AGAR & Accounts

The Year-end Trial Balance from Rialtas has been checked against the AGAR and found to be accurate

Other items of Note

The council is registered with the Information Commissioners Office under membership number: Z3124345 and expires in March 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

ICCM – for advice regarding the Cemetery

NABMA – for advice with regards the markets

SLCC. – advice and training for Clerks.

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Recommendations/Further Information Required

We recommend that:

- With regards signed documents on the website, we understand that you would need to redact signatures for GDPR reasons and the upload of documents would form part of new Communications Officer role.

Some other councils have a table with Lists of Policies, Adoption and renewal dates – I can give the Clerk an example of a Council which does this

- Savings account is over the FSCS protection at Year end. Please ensure this is reviewed and if felt appropriate arrange another account to be opened.

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Town Hall Charity Internal Audit Report

Charitable Incorporated Organisation (CIO)

Charity No: 1162686

Overview

The financial management of the charity is at a high level. Documentation is clear and easy to locate.

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The Clerk provided a detailed report on the reorganisation of Governance and it shows how well the Charity requirements are now understood and undertaken

Payments

A selection of payments through the period January to March 2023 were chosen using the cashbook and traced through to bank payments.

Bank Reconciliation

Bank reconciliations are all present and correct

Petty Cash

N/a no petty cash

VAT

When the CIO was formed the Charity was advised it would no longer be able to claim VAT. Specialist advice is being sought from Parkinson Partnership

Staffing

Whilst the Town Hall does have staff members, these are paid via the Town Council and wages and transferred accordingly.

Charity Commission Return

The Charity Commission website states up to date. However the reporting was 64 days late

A change of staff highlighted the Charity was unincorporated and should have been incorporated.

A long process to sort ensued but the Charity are now almost at the end of untangling the governance affairs.

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Town Hall Charity Internal Audit Report Unincorporated Charity

Charity No: 503163

Overview

As mentioned in the review of the Incorporated Charity, this charity was superseded by the Incorporated Charity (CIO)

Payments

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A selection of payments through the period April to November 2022 were chosen using the cashbook and traced through to bank payments.

Bank Reconciliation

Bank reconciliations are all present and correct

Petty Cash

There was a small amount of petty cash which was regularly balanced. Receipts for spend are present

VAT

No VAT reports available. Based on the information from the CIO the Auditor believes this advise was also related to the unincorporated charity.

Staffing

Whilst the Town Hall does have staff members, these are paid via the Town Council and wages and transferred accordingly. Transfers are present on the bank statements

Charity Commission Return

The Charity Commission website states the Charity is “removed”. However it does also state the 2018 and 2020 accounts were late and 2022 not submitted.

The Charity was closed in November 2022 so I would advise to double check no final reports are required that have not already been submitted

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