



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 Bingley Town Council commenced on in December 2022 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

Bingley Town Council uses an Accounting System called Rialtas to record all 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 Clerk, the Deputy Clerk & Admin Support. 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 £4,000 will require 3 quotes to be obtained by the Clerk or RFO and for any amount over £1,000 they shall strive to receive 3 quotes.

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 Full Council at each meeting where payments are agreed.

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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 been granted “General Power of Competence” to process such items through the P&L.

Risk Management Arrangements

Risk Assessments

Risk Assessment documentation reviewed and found to be sufficient but the Auditor will suggest some improvements. The documentation was reviewed at Full Council in July 2022 and will next be reviewed in 2025.

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 with Hiscox under the Communities scheme and is on continuous rather than a policy with an end date. Each policy appears to be adequate and appropriate.

Internal Controls

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

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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 November. 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 Bradford Metropolitan District Council.

Budget Reviews

The Finance & General Purpose Committee receives a copy of actual vs budget on a quarterly basis for review

Budget Variances

No significant, unexplained variances were observed.

Income Controls

Precept

The precept reviewed matches the request sent to Bradford. Bradford does not provide a notification.

Cash and Near Cash Security

The Council has never held Petty Cash. The only cash is from the toilet block which is collected and banked fortnightly.

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Multipay Card

There is one Multipay Card some of the invoices chosen in my sample were paid via Multipay. The limit on the card is £500 which is cleared down monthly via Direct Debit.

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

Bradford Community Payroll processes and pays salaries on behalf the Council. They provide a quarterly estimate of the payroll bill plus their fees which Bingley Town Council then pay. A reconciliation of the difference between payment received and payroll processed is provided.

Also provided is a separate report showing the NEST pensions output which has been checked against the Direct Debit leaving the bank account.

Expenses

Expenses are rare as there is a Multipay Card available.

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 under the Hiscox Community Schemes Policy.

Items excluding property are valued for damages at approximately £325,000 which is approximately £12,000 higher than the assets listed on the register.

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.

Other items of Note

The council is registered with the Information Commissioners Office under membership number: ZA221639 and expires in December 2023.

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

The Council does not hold Trust Funds.

The Council has CIL funding from a number of developments in the area. The receipts and payments are monitored and reported to the Finance and General Purpose Committee.

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Recommendations/Further Information Required

We recommend that;

- The Financial Risk Policy is due for review in 2025. For a council the size of Bingley we feel 3 years is too long a period between reviews. Especially with regards banking as many banks are currently updating their authorisation protocols and methods.
- The Asset register be reviewed on a quarterly basis for additions and disposals. Then add to the agenda for Full Council. This will ensure an up to date version is available on a more regular basis and also allow you to update your insurance values should you need to.
- Review your insurance values as on assets are slightly lower than insurance value – your premium may reduce if updated.
- The financial risk assessment policy should be backed up with a review document each year listing each risk and a low/med/high chance of each risk occurring.

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