



KEIGHLEY

TOWN COUNCIL

Interim Internal Audit Review December 2022

Covering Dates between April 2022 and September 2022

Provided by: Account-ant Yorkshire Limited

For: RFO & Clerk

Date Issued: 18th December 2022

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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 Keighley Town Council commenced on 9th December 2022 with the onsite attendance for an Interim Internal Audit. 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

Keighley Town Council uses an Accounting System called Rialtus to record all its financial transactions. The system is arithmetically correct. Monthly Reconciliations are undertaken and subsequently presented to the Finance and Audit Committee.

Standing Orders and Financial Regulations

Standing orders and Financial Regulations were agreed at Full Council in May 2022. These documents are reviewed yearly. In the year to May 2022 the Financial Regulations were amended to allow the council to move to online banking.

Payment Controls

Staffing

The Finance department comprises of the Clerk, the Deputy Clerk & Responsible Finance Officer. 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 the Finance and Audit Committee at each meeting where payments are agreed.

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VAT reporting

VAT has been reported and reclaimed correctly. The council uses Rialtus 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 as the Clerk & Deputy Clerk are both CiLca Qualified.

Risk Management Arrangements

Risk Assessments

Risk Assessment documentation reviewed and found to be sufficient. The documentation was reviewed at Full Council in March 2022 and is reviewed yearly. The next review is due April 2023.

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, Agricultural Vehicle Insurance and a Commercial Combined Insurance Policy. 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 each committee being given a draft budget to review and request changes if necessary. Once all committees have reviewed their budgets the finance team adjust appropriately and provided to the Finance & Audit Committee. Once the Finance & Audit Committee are in agreement with the budget it is given to Full Council for review and/or agreement.

Only once the budget is agreed Full Council will the precept be requested from Bradford Metropolitan District Council.

Budget Reviews

Each committee is given a budget vs actual along with a year to date position for review and discussion in their monthly meetings.

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 no longer holds petty cash. The only cash is from the tills which are used during events. After each event the tills are balanced to a float of £150 with the remainder banked with Lloyds Bank. If the till does not float to £150 and investigation is undertaken.

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Chargecard

There is one chargecard which is used for petty expenses. Several items were reviewed during the Audit including an item which was discovered by the Finance team to be fraudulent and dealt with swiftly at the time it occurred.

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 by Bradford Metropolitan District Council. The Auditor is awaiting clarification from Bradford via the RFO as the reconciliation provided did not include Pensions. Therefore we could not confirm whether the PAYE/Pension process was sufficient.

Expenses

A small number of expenses claims were observed and found to be reasonable and appropriately approved.

Asset Control

Register

There is an up to date register based on a value of £500 however, the Asset Register Policy available on the website states anything with a value of £100 or more should be added to the register.

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Insurance

The insurance of assets is covered under the Council Commercial Combined Policy.

Items excluding property are valued for damages at approximately £170,000 which is approximately £20,000 lower than the assets listed on the register.

Bank Reconciliations

Bank reconciliations are present for all accounts. These are reconciled monthly in Rialtus and 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: ZA032549 and expires in December 2023.

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

The Council does not hold Trust Funds but has a Long Term Investment held in a 60 day account.

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Recommendations/Further Information Required

The Auditor requires further information with regards Payroll processing at Bradford Metropolitan District Council in order to be comfortable that all aspects of payroll are being correctly reported by the third party.

The Auditor recommends the Council review their assets against the profit and loss report for items over £100 and under £500 and subsequently add it to the asset register per the Council's Asset Register Policy as published on the website.

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