



KEIGHLEY

TOWN COUNCIL

Internal Audit Review April 2023

Covering Dates between October 2022 and March 2023

Plus Year End AGAR & Processes

Provided by: Account-ant Yorkshire Limited

For: RFO & Clerk

Date Issued: 24th 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
- 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 28th April 2023 with the onsite attendance for an a Year End Internal Audit. The periods covered were October 2022 to March 2023 for the payment and receipt controls and April 2022 to March 2023 for Year End reporting and Processes
- VI. All aspects of internal audit were covered.

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About Account-ant Yorkshire Limited

Keighley 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 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 as well as the Town Council website.

I attended Keighley Civic Hall on Friday 28th April 2023. My Primary contact on visits being the RFO, Peter Clarke.

I have met all other members of the team working in the Council offices.

Peter and colleagues have been open and clear with regards any queries I have made. The team have been thorough and knowledgeable when met with queries.

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.

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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.

Both are easily accessible on the website:

Financial Regulations: <https://keighley.gov.uk/wp-content/uploads/2022/07/42.-Financial-Regulations-2022.pdf>

Standing Orders: <https://keighley.gov.uk/wp-content/uploads/2022/07/26.-Standing-Orders-2022.pdf>

The Council have a Version Log at the end of each document which is very useful for Transparency

Documentation Readoption at Full Council

Along with the Standing Orders and Financial Regulations the following policies were readopted without amendment during the meeting of 18th May 2022

- Public Inspection Policy
- Co-Option Policy
- Document Retention Policy
- Flag Flying Policy
- Health & Safety Policy
- IT Policy

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- Publication Scheme
- Members Code of Conduct
- Display Screen Policy
- Equal Opportunities Policy
- Gifts and Hospitality Policy
- Memorial Bench Policy

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.

During the Audit the Auditor reviewed all payments on the website over £4,000. Some items were under Contract such as:

March 2023

- Cosurica – Microsoft Licences – £16041.12 no quotes needed as this was for several licences
- Keybury Security – Fire Alarms - £11,696.50 – contract seen

February 2023

- Barretts Kitchen £4131. Local supplier. No alternative available

January 2023

- Stephen Thorpe Grounds Maintenance - contract seen
- Urban Lighting - £12,033 – quotes seen

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August 2022

- Nomad Catering. £11,352. Limited to choice related to the event

July 2022

- Definition Audio - £7k. Quotes seen

June 2022

- Keighley Urban Meadows - £10,000 – contract seen
- Urban Lighting Solutions £20,550 – contract seen
-

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.

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.

The number of Electors 40186.

As the Council has General Power of Competence they cannot use the S137 Power.

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Risk Management Arrangements

Risk Assessments

Risk Assessment document seen. This was adopted in April 2022 and is due for review in March 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

RFO sends Councillors a list of invoices & payments and they select at random and are then provided with the documentation.

2.2 of the Financial Regulations state

“On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman or a cheque signatory shall be appointed to verify bank reconciliations for all accounts produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council Finance & Audit Committee”

Please see recommendation section with regards this.

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Investments

Investment strategy in place and the Council does have an Investment valued at £100,000 in the CCLA Local Authorities Property Fund

This is a 60 Day Notice account. However, the CCLA have temporarily increased this to 90 days.

GDPR

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

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

For the year ending March 2023 The Auditor had sight of the overarching Budget vs Actual and no significant. In terms of total variance there, it is not significant.

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However, The Council incurred large, unexpected costs due to a Parish Poll. They have mitigated this cost by the increased usage of chargeable assets such as Office Spaces and Civic Hall and improved collections of Allotment fees.

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.

Chargecard

There is one chargecard which is used for petty expenses. Several items were checked and audit trail found to be sufficient

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. There is a small difference between the value invoiced by Bradford Council and the actual payroll. This is explained as part of the Apprentice Levy as Keighley is treated as part of Bradford for payroll purposes.

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Expenses

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

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

The Council has HR Policies in place. They are available on the website to review. HR is managed internally

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.

Qualified Clerk

The Clerk, Joe Cooney and Deputy Clerk Pip Gibson are both CILCA qualified.

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 such as pregnancy. Evidence of a Workstation DSE review has been seen.

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Asset Control

Register

Asset Register up to date and compared to AGAR.

Insurance

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

Bank Reconciliations

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

Grants

The Council keeps a comprehensive reconciliation of Grant income vs expenditure. At the time of writing the report this did not form part of the Finance Pack to Council.

Accounting Principles

The Council are operating as Income and Expenditure. Accruals and Prepayments schedules seen

Allotments

Allotments software is used to manage the Allotments. The Council own 380 allotments. The Rate card is advised as £62.50 for Full Plot, £41.25 for half, Water Levy £20 (if water available on site) and £20 for owners outside of the Parish.

Allotment fees are generally invoiced in October and the Allotment holders are given a generous payment term.

Auditor reviewed fees for difference to the above rate card. Explanation received as apportionment for part year purchases.

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Rialtas does not offer API to any third party software and therefore the charges are then posted to Rialtas and reconciled.

Facilities Management

The Council rent out the Civic Hall and meeting rooms to third parties on a regular basis.

The Civic Hall is Licenced and the Management of staff, stock and Facilities in general is managed in house.

The Civic Hall is Licenced under the Licensing Act 2003 as a “premises”

The rental of these premises significantly assist with the income to the Council.

A separate facilities management system is in place to manage bookings, staffing levels, stock etc.

Rialtas does not offer API to any third party software and therefore the charges are then posted to Rialtas and reconciled.

Earmarked Reserves

Whilst the Council has a policy for Ear Marked Reserves, it is out of date. It refers to the JPAG 2021 Edition, however the most up to date version is March 2023.

The 2021 JPAG states the Council is required to have 3 months of net expenditure in Earmarked reserves. The RFO has provided evidence this has been sufficiently considered.

Monies in Bank

The Auditor notes the Treasurer Account has more than £85,000 throughout the year. They understand this is because the movement on the account is around £160,000 per month. However, at the end of March there was approximately which could have been moved to a Savings Account.

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Year End & AGAR

Year End Accounts match Rialtas .

Other items of Note

The council is registered with the Information Commissioners Office under membership number: Z3124345 and expires in March 2023.

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. The Policy for Public Inspection

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

NAS – National Allotment Society

ACCA – Student Membership

SLCC. – advice and training for Clerks.

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Recommendations/Further Information Required

Recommend an update of the website:

- Found button spacing issues
- Found links on “Full Council Page” which went to the meeting minutes but nothing on the “Parish meeting” tab for a similar purpose
- The page for Town Council Meeting Minutes within the Committee section defaults to Page 3 which is initially confusing and appears the minutes are not uploaded.

All of these updates seem minor and easily resolved with the assistance of your website provider. The Clerk has provided a document which states the website is in review. This recommendation is in this report to back up the findings and provide views from a third party

Recommend a review of your Policies Page – some of the policies have a review date in the past. Some of these are over a year past their “Next Review” date but can mostly be found within the Full Council minutes. I recommend this for clarity and transparency.

Recommend review Financial Regulations point 2.2:

“On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman or a cheque signatory shall be appointed to verify bank reconciliations for all accounts produced by the RFO. **The member shall sign the reconciliations and the original bank statements (or similar document)** as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council Finance & Audit Committee.”

Whilst members of Council do independently check the documents as per the financial regulations, they do not sign them. In terms of Risk, I recommend that a checking document be signed by the Independent Member. I do not believe they need to sign the specific documents although this decision is ultimately for the decision of Council and their attitude towards risk.

Reiterate receipts for Chargecard are required regardless of value.

Joe in contact with YCLA will obtain clarification on whether Keighley Town Hall Council Mayors Charity should be Registered with the Charity Commission and will come back to the Council.

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Version Control on Financial Regulations found to not include a change to the DeMinimus – Auditor asked for copy of proceeding Financial Regulations and requests that the document on the website but updated to state the point has been updated.

Recommend the Grants income vs expenditure be contained within the Finance Pack for transparency

Contracts & 3 quotes request required some work. Whilst Contracts were seen for the items tested, the Auditor did need to ask further questions. This could have been resolved by ensuring every Contract & Quote request are in the same location.

Recommend the Council reviews the option of a Savings Account as it appears there a surplus funds in the current account that should be in a separate account for FSCS protection and it could also earn interest.

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