

# Baildon Town Council



**Baildon Town Council**

Serving the people of Baildon

## **Internal Audit Review December 2023**

### **Audit Trial Checks covering April 2023 – October 2023**

Provided by: Account-ant Yorkshire Limited

For: Helen Thornton, Clerk & RFO

Date Issued: 12<sup>th</sup> January 2024

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](http://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 Baildon Town Council commenced in December 2023 with Interim Audit of 22/23 Year end. Audits have been conducted offsite with the Council providing relevant documents in our portal & a zoom call. The Audit trail of documents were for April to October 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

Baildon 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.

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

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

The Auditor for the period April 2023 – September 2023 is Rachel Bernadette 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.

Helen Thornton, James Laycock and I met via zoom early December 2023.

Helen and James have been open and clear with regards any queries I have made. It is clear the Clerk is very thorough and knowledgeable

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

Baildon Town Council uses an Accounting System called Edge IT 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 Governance Committee.

### Standing Orders and Financial Regulations

Standing orders and Financial Regulations were agreed to accept without amendment at Full Council on 22<sup>nd</sup> May 2023. These documents are reviewed yearly.

### Payment Controls

#### Staffing

The finance department comprises of 2 members of staff. Clerk/RFO Helen Thornton and James Laycock the Deputy Clerk

#### Purchases above De Minimus

The Auditor observed 7 items over the DeMinimus of £3,000

£6,660 1/9/23 Groundworks  
£5842 3/10/23 Christmas Plus

Identified as grants given:

£10,000 Baildon Parochial  
£10,000 Baildon Methodist  
£10,000 St Hughs  
£10,000 x 3 Baildon Link

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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 bar one item which is prompted the Clerk and Deputy Clerk to review processes in the Bracken Hall Countryside Centre.

A list of payments is provided to Full Council at each meeting where payments are agreed.

A number of invoices across the period April 2023 to October 2023 have cross checked against the bank statements.

## VAT reporting

The VAT reclaims appear to be in order. The August VAT reclaim was queried as it was out of sync with the usual quarters but a satisfactory explanation has been provided.

## S137 Expenditure

The Council does not currently have GPoC and therefore s137 expenditure is reported. The lists can be found on the website.

The number of Electors was 6287 as advised by the Clerk/RFO during one of our zoom meetings.

## **Risk Management Arrangements**

### Risk Assessments

The Risk Management Report is usually reviewed yearly, however, with the lack of a Clerk in post this has been somewhat delayed and will be reported at the January 2024 meeting. This will therefore be reviewed as part of the year end Audit.

### Unusual Financial Activity

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

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## Insurance Cover

The Council is insured with Zurich and the policy appears to be comprehensive.

## Internal Controls

An Internal Controls checklist has been seen by the Auditor and found to be sufficient.

## Investments

The Council does not currently have investments but in December applied to investment £100,000 in PSDF. The process is quite lengthy.

## GDPR

With regards GDPR, a search on the website finds a document called “The impact of the Data Protection, Retention of Documents and Records Management policies, on staff and Councillors of Baildon Town Council” dated 2019.

The Clerk has advised the review of this documentation is in process.

## **Budgetary Controls**

### Budget Preparation

The Budget process starts in September with each Committee reviewing their budget requirements for the coming year with the advice of the RFO. Once the committees have agreed a budget it goes to the Governance Committee for review. It subsequently is presented to Full Council in December.

### Budget Reviews

Each committee has sight of their budget vs actual on a minimum of 3 times per year.

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## Budget Variances

Actual vs budget variances will form part of the year end Audit. At the time of the Interim Audit the Actual Vs budget was viewed and we felt it was appropriate.

## **Income Controls**

### Precept

The precept reviewed matches the request.

### Cash and Near Cash Security

The Council has a high specification safe which hold the Petty Cash tin and the Regalia.

The Regalia is sometimes held at the Chair or Vice Chair's home and is insurance in off site locations

The Petty Cash key is held by Helen and James and it is low risk.

### Income Properly Recorded and Banked

Income in cash or cheque form is rare but when it occurs it is banked within 2-3 days at the local Nat West bank which is a banking agreement in place with Unity Trust Bank.

### Chargecard

The Council has a Lloyds Chargecard. Helen and James have access to the card and pin. The expenses are coded into Edge from the card statements and therefore are included in the data used for the sample choice.

The Clerk and Deputy Clerk expressed difficulty with using the Chargecard on our phone call and I recommended they speak to Lloyds and ascertain whether "cost types" are implemented on the card – this may be a reason for payments being declined or put on hold.

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## 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

The Payroll is ran by Bradford CPA. They have provided quarterly estimates and the Clerk/RFO and Deputy Clerk review the estimates. During the Audit we reviewed several months of Payroll reports.

### PAYE, NIC and Pension Payments

Payments to Pensions match the reports provided by Bradford CPA. Bradford CPA make the PAYE payments on behalf of the Council and therefore they are not separate on the bank.

### Expenses

Some expenses were chosen as part of the sample review and found to be reasonable and 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.

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## Training Policy and record for staff and elected members

The council has applied for a Local Council Award Scheme and have been advised there is a gap in the Training Policy and procedure. This has led the council to delegate to the RFO to review and recreate the Training Policy and Procedures.

In terms of training for Councillors, there is an induction pack and the team ensure the Councillors are forwarded details of all YLCA workshops and encouraged to attend.

## Qualified Clerk

Helen Thornton is the Clerk/RFO. Helen is not currently CILCA qualified but is working towards the qualification.

## Annual Staff Appraisals

Appraisals are undertaken yearly.

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

The Council has H&S policies and procedures in place.

## **Asset Control**

### Register

The Asset register has had a number of updates during the year and also been subject to a review recently. This has resulted in a number of assets being found to not be on the asset register.

We had a discussion about how this will be prevented in the future. The Clerk and Deputy Clerk advised they add assets as and when they are purchased.

### Insurance

The sum insured matches the total on the Asset register.

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## **Bank Reconciliations**

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

## **Burial Authority**

The Council is not a Burial Authority.

## **Market Authority**

The Council is not a Market Authority.

## **Monies in Bank**

The council are aware of the balances in accounts as they are reported at each Full Council meeting. The Council plan to invest in the PSDF in the 23/24 year as the main bank account contains a large value.

## **Earmarked Reserves**

The Council has a number of Earmarked Reserves.

## **Debtors & Creditors**

This will be reviewed at year end

## **Accruals & Prepayments**

This will be reviewed at year end

## **Year End AGAR & Accounts**

This will be reviewed at year end

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## Other items of Note

The council is registered with the Information Commissioners Office under membership number: ZA464681 and expires in January 2024.

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

### Arrangement for inspection of public records

There 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

SLCC. – advice and training for Clerks

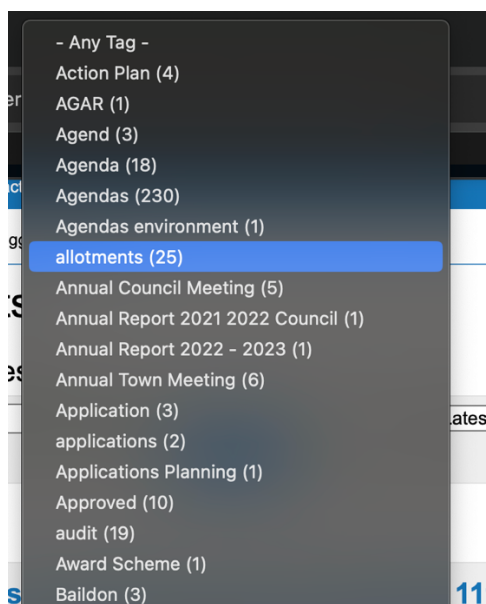
Rural Services Network

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## Recommendations/Further Information Required

We recommend and note that:

- The minutes section of your website is a little clunky to navigate – all the minutes are in the same place and the navigation would be easier if the minutes were in sections for committees – there are a large number of keywords that are very similar. (screenshot below)



- We note the version control on the Standing Orders which is good to see, however, the footer on the standing orders is an old date. Please amend for completeness.
- The Clerk and Deputy Clerk are not always listed as in attendance on the meeting minutes but should list all attendees.

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