

Settle Town Council

Internal Audit Report
2020/21

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Settle Town Council

Introduction

All local councils must complete an Annual Governance and Accountability Return (AGAR) which includes an Annual Governance Statement, Accounting Statements and an annual Internal Audit report.

Scope

The internal audit is an assurance function that primarily provides an independent objective opinion to the organisation on the control environment comprising risk management, control and governance, by evaluating its effectiveness in achieving the organisation's objectives.

The internal audit function is sufficiently independent of the other financial controls and procedures which are subject to review.

In commencing our internal audit review for the year, we had to have regard to the materiality of transactions and their susceptibility to potential mis-recording or misrepresentation in the financial records.

We have a duty, as the internal auditor for the Council, to complete the internal audit certificate in the Council's Annual Governance and Accountability Return which covers the basic financial systems and assurances in a number of different areas.

Our report for the year and completed work file is available, on request, for review by the Council's external auditors, and should assist them in gaining the required level of assurance on adequacy of those Council systems examined.

Overall Conclusion

Overall, we are pleased to conclude that in the areas examined, the Council continues to have generally effective systems of financial control in place, to ensure that transactions are recorded accurately in the financial records, and in the Annual Governance and Accountability Return.

Date of completion 24th May 2021

Settle Town Council

Detailed Report

Financial Regulations

Our objective is to ensure that the Council have general rules and processes in place for Council and committee meetings and in carrying out the Council's business. These are encompassed within the Financial Regulations and Standing Orders adopted by the Council.

Conclusions

The Standing Orders and Financial Regulations have been formally adopted by the Council in April 2020.

Accounting records

Our objective is to ensure that the accounting records are being maintained accurately and correctly posted to the accounting systems maintained by the Council.

Our aim was to ensure that: -

- Income is properly and promptly received.
- Payments are supported by appropriate documentation, to confirm that the goods and services have been received and that they are due for payment.
- Funds are expended in accordance with approved budgets.
- The correct expense codes have been applied to invoices when processed.
- VAT has been appropriately identified and included in the quarterly VAT returns; and

Conclusions

The control procedures regarding the income being properly and promptly received are operating effectively.

The payments tested have been maintained accurately and are being correctly recorded in the financial records.

Regular bank reconciliations have been maintained.

Fixed Assets

Our aim is to establish whether there is an asset register of the assets owned and managed by the Council.

Conclusions

The Council does maintain a register of all material assets, either owned or in its care, which is being reviewed regularly to ensure that the ownership and existence of the assets can be verified.

The Council has valued the assets in accordance with the latest advice and the insurance schedules are reviewed annually to ensure that appropriate insurance cover is arranged.

Budgetary Controls

Our aim is to ensure that the Council has appropriate procedures in place to determine its future financial requirements, leading to the adoption of an approved budget and determining the amount of the precept required. We also aim to consider whether effective arrangements are in place to monitor the budgetary performance and that the Council has identified and retains appropriate reserve funds to meet its future spending plans.

Conclusions

A detailed budget had been prepared and there was regular reporting during the year to the Council, through the Administration Finance and Staffing committee.

Risk Management

Our aim is to ensure that the Council has carried out an assessment of the risks facing the authority and has made appropriate arrangements to manage those risks.

Conclusions

The Council reviews annually the risk management schedule and approve any amendments when they are required. The Council has assessed the significant risks to achieving its objectives and reviewed the adequacy of its arrangements to manage these risks.

The level of insurance cover is reviewed on an annual basis by the Council or their staff upon receipt of the insurance schedules from the insurance company to determine that the cover in each area is appropriate to the Council's needs.

Petty Cash

The Council have changed the cash handling procedures and do not have any petty cash expenditure.

Employment

The Council's payroll function is designed to review and approve the staff pay scales, to calculate the amount of Income Tax and National Insurance required under the PAYE legislation and to ensure that the appropriate level of pension contributions have been deducted and are paid over to the pension authorities.

Conclusions

Within the sample tested the calculations have been carried out and the appropriate amounts due to the HMRC and pension authorities have been deducted and paid over correctly.

Year End Procedures

It is the duty of the Council to produce the appropriate accounting information to identify the income and expenditure arising to ensure that it is recorded in the correct financial year.

Conclusions

We were able to ascertain that the income and expenditure has been recorded in the correct financial year.

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Action Plan

Recommendation

Available for a response

