

Barnoldswick Town Council

Internal Audit Report
2022/23

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Barnoldswick 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 effective systems of financial control in place, to ensure that transactions are recorded accurately in the financial records and in Annual Governance and Accountability Return.

Date of completion 27th June 2023

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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.

The Standing Orders and Financial Regulations have been reviewed and formally adopted by the Council in March 2022.

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.
- The correct expense codes have been applied to invoices when processed.
- VAT has been appropriately identified and included in the regular VAT returns; and
- Funds are expended in accordance with approved budgets.

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.

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.

A detailed budget had been prepared and there was regular reporting during the year to the Council.

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.

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.

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.

Within the period tested the PAYE and pension calculations were correct.

There were a number of casual staff that were not included in the payroll submissions to HMRC which should be addressed.

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.

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

Ensure that all casual staff are included on the Monthly submissions to HMRC when reporting the amounts due to staff and make the appropriate deductions for paye and national insurance.