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Internal Audit Report for Woodcote Parish Council

From Jane Olds – Internal Auditor

I reviewed the documents provided and met with the Clerk, Jenny Welham, on 14 April 2021 via Zoom and finalised the information on 23 April.

BASIS OF REPORT

This internal audit report is based upon the JPAG (Joint Panel on Accountability and Governance) Governance and Accountability for Smaller Authorities in England 2020 publication.

The scope of this internal audit is focused on assessing the effectiveness of the Council's internal controls and was outlined in the original Letter of Engagement. Where any such controls are found to be deficient, the internal audit will help lead to improvement in those processes.

By applying the principles of internal auditing, outlined in the current Accounts and Audit Regulations and applying the approach to internal audit testing outlined above, every effort is made to ensure that all internal audits are conducted with due professional care, integrity and independence. All conclusions derived from the audit are based upon objective and traceable evidence.

Please note: it would be incorrect to view internal audit as the detailed inspection of all records and transactions of the Council in order to detect error or fraud. It is the periodic independent review of a Council's internal controls resulting in an assurance report designed to improve effectiveness and efficiency of the activities and operating procedures under the Council's control. Managing the Council's internal controls should be a day-to-day function of the staff and Councillors and not left for internal audit. (Source: Governance and Accountability for Smaller Councils - A Practitioners' Guide 2020 – Section 4).

Annual Return Section	Process	Findings	Recommendations and actions
A	Bookkeeping Arrangements	Appropriate books of account have been kept properly throughout the year and are well maintained with sound audit trails.	No further recommendations.

Annual Return Section	Process	Findings	Recommendations and actions
B	Council's Financial Regulations have been met with regard to expenditure	The Council's Financial Regulations have been met in that appropriate authorisations have been given for each level of expenditure. Payments were supported by invoices, and expenditure was approved and VAT appropriately accounted for.	On inspection of the Financial Regulations, it was noted that they were not the up-to-date version. The Council, in conjunction with the Clerk, is responsible for ensuring that the documents are kept up-to-date when new versions are published by NALC.
C	Review of Internal Controls	I have noted that Council has assessed the significant risks to achieving its objectives using their Risk Assessment and have seen the document.	The Risk Management Assessment is comprehensive. However, the Council should review and update it annually using the JPAG recommendations (2020 version - starting at 5.89 and criteria 5.91) and publish it on the website.
D	Budgetary Controls (Precept requirement)	The annual Precept requirement resulted from an adequate budgetary process.	No further recommendations.
D	Budgetary Controls (Budget monitoring)	Progress against the budget was monitored and minuted regularly.	No further recommendations.
D	The final Outturn is in line with expectations.	The final outturn was materially in line with expectations.	No further recommendations.
E	Income controls	Expected income was fully received and properly recorded.	No further recommendations.
F	Petty cash controls	Petty cash is operated by the Council.	Now that the Council has a debit card, consider closing Petty Cash as it is not necessary.
G	Payroll controls	Salaries to employees were paid in accordance with Council approvals.	No further recommendations.

Annual Return Section	Process	Findings	Recommendations and actions
H	Asset Controls - the register has correctly recorded all material assets?	The current asset register has correctly recorded all material Assets. The correct basis of valuation has been applied.	No further recommendations.
H	Asset Controls - all additions correctly recorded?	No additions had been added at the time of writing.	No further recommendations.
H	Asset Controls - all Deeds and Titles established and shown on register?	All appropriate Deeds and Titles have been established.	Ensure that all registration numbers for Deeds and Titles are included on the Asset Register.
I	Bank Reconciliations	Periodic and year-end reconciliations were properly carried out.	No further recommendations.
J	Accounting Statements	The Accounting Statements prepared during the year were prepared on the correct accounting basis and were supported by an adequate audit trail.	No further recommendations.
K	Limited Assurance Review Exemption	The Council does not meet the exemption criteria.	No further recommendations.
L	Information published on website	The information is available.	No further recommendations.
M	Exercise of Public Rights	The Parish Council published the exercise of public rights on the website and noticeboard, however it did not cover the full period.	Ensure that the dates comply with the Regulations this year. I recommend that the notice is posted on the noticeboard, published in the Finance section of the website, and that the dates are agreed and Minuted prior to publication. Photographic proof may be required next year.
N	AGAR Publication Requirements	The Parish Council complied with the publication requirements for the 2019/20 AGAR apart from the Electors Rights issue mentioned above.	Ensure that all the publication requirements are complied with this year.

Annual Return Section	Process	Findings	Recommendations and actions
O	Trust Funds (If applicable)	The Parish Council operates as a Trustee for one external body (the Allotments for the Labouring Poor). Returns will be filed.	Ensure returns are completed.

Transparency Compliance

Process	Criteria	Findings	Recommendations and actions
Review of Internal audit action plan has been considered and actioned?	Good Practice	The Internal Audit had been reviewed the previous year.	No further recommendations.
External Audit recommendations have been considered and actioned.	Good Practice	The Conclusion of Audit report had been received for 19/20 and had been published on the website. Finding 1: Advice from previous EA reports must be minuted and acted on. Finding 2: Proper period of Electors' Rights not observed. Finding 3: Ensure that Section 1 (Annual Governance Statement) is completed correctly in future. Finding 4: Section 2 completion.	Ensure completion in future More attention needs to be paid to the dates for the Exercise of Public Rights. Ensure that the Annual Governance section covers this, this year. See Finding 2 above Ensure that all boxes in Section 2 are completed this year.

Process	Criteria	Findings	Recommendations and actions
Accounting Statements agreed and reconciled to the Annual Return	Section 1 of the Annual Return Part 1 of the Annual return is complete and accurate and reconciles to the statement of accounts.	The accounting statements in this annual return present fairly the financial position of the Council and its income and expenditure.	No further recommendations.
Compliance with the Transparency Act	While the Parish Council does not fall in to the criteria for Councils below the £25k threshold, it is good practise for Parish Councils above the threshold to comply.		
Compliance with the Transparency Act	1) Expenditure over £100 is recorded on the Council Web-Site and with all information requirements	Not currently available on the website.	If possible, it is good practise to include this.
Compliance with the Transparency Act	2) Annual Return published on the Web-Site	Published on the website.	No further recommendations.
Compliance with the Transparency Act	3) Explanation of significant variances	Not currently available on the website.	If possible, it is good practise to include this.
Compliance with the Transparency Act	4) Explanation of difference between Box 7 & 8 if applicable	Not applicable.	No further recommendations.
Compliance with the Transparency Act	5) Annual Governance Statement recorded	Published on the website.	No further recommendations.
Compliance with the Transparency Act	6) Internal Audit Report Published	Published on the website.	No further recommendations.
Compliance with the Transparency Act	7) A List of Councillors' responsibilities	Published on the website.	No further recommendations.
Compliance with the Transparency Act	8) Details of Public Land and Building Assets	Not currently available on the website.	If possible, publish as part of the Asset Register.
Compliance with the Transparency Act	9) Minutes & Agenda	Published on the website.	No further recommendations.

Further Recommendations:

Following the completion of the Internal Audit, I strongly recommend that the Council completes a review of effectiveness. A blank form can be supplied.

The Clerk and the Councillors should be encouraged to take up the training offered by the local County Association and SLCC to increase their knowledge and expand the Clerk's professional development. The Clerk may like to consider ILCA or CiLCA (Certificate in Local Council Administration) in the future with the appropriate training budget support from the Council.

The Councillors should take particular note of the finance training and the staff appraisal / management training which would be of great benefit.

On initial inspection of the documents, it was noted that the Financial Regulations were out of date, particularly in relation to online banking. It is understood that the Regulations are now being updated. The Council should be reminded that it is the Council as a body which is responsible for ensuring that the documents are kept up-to-date when new versions are published by NALC.

Following the revision of the Financial Regulations, the Council should ensure that the banking provision is fit for purpose. I strongly recommend that the Clerk is the administrator on the bank accounts and that the Council has at least three Councillor authorisers / signatories which should cover the authorisation (but not setting up) of both cheques and online payments. The Councillors should have a greater understanding of the finance and should support the Clerk in her role.

The above are simply recommendations to help the Council improve its processes and in no way detract from the work it has already done.

Woodcote Parish Council has an electorate in the region of 1992 and the Precept for the year 20/21 was set at £89,327.

In general, I believe that the Council has competent arrangements in place to satisfy itself that its systems of internal financial control are transparent and effective. There are approval and authorisation controls to minimise risk. The audit and management trail for financial transactions is good.

I hope that this report is of help to the Council. If you would like any further assistance or clarification, please do contact me.

Jane Olds

Jane Olds
Internal Auditor