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Internal Audit Report for Steeple Barton Parish Council

From Jane Olds – Internal Auditor

I reviewed the documents provided and met with the Clerk, Annette Fowler, on 8 March via Zoom and finalised the information on 27 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 2021 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 2021 – 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	<p>The Council's Financial Regulations have been met in that appropriate authorisations have been given for each level of expenditure.</p> <p>Payments were supported by invoices, and expenditure was approved and VAT appropriately accounted for.</p>	No further recommendations.
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.	<p>Ensure that the Risk Assessment is reviewed annually – preferably at the beginning of the Financial Year in order that it can be used as a working document throughout the year.</p> <p>JPAG recommendations should be used (currently starting at 5.89 and criteria 5.91).</p>
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.	While it was noted in the Minutes, it would be good to see quarterly Budget monitoring documents published on the website.
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 not operated by the Council.	No further recommendations.
G	Payroll controls	Salaries to employees were paid in accordance with Council approvals.	No further recommendations.
H	Asset Controls - the register has correctly	The current asset register has correctly recorded all	No further recommendations.

Annual Return Section	Process	Findings	Recommendations and actions
	recorded all material assets?	material Assets. The correct basis of valuation has been applied.	
H	Asset Controls - all additions correctly recorded?	No additions have been made.	No further recommendations.
H	Asset Controls - all Deeds and Titles established and shown on register?	All appropriate Deeds and Titles have been established and are shown on the Register.	No further recommendations.
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 meets the exemption criteria and could claim exemption if it chose to.	No further recommendations.
L	Information published on website	The majority of 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 first ten working days of July.	Ensure that the Electors' Rights dates are for 30 working days and cover the first ten working days of July. Note that the earliest date for 21/22 is 1 June due to the Jubilee bank holiday.
N	AGAR Publication Requirements	The Parish Council complied with the publication requirements for the 2020/21 AGAR	Apart from confusion over the Electors' Rights dates.
O	Trust Funds (If applicable)	The Parish Council does not operate as a Trustee.	No further recommendations.

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 20/21 and had been published on the website. Findings: Ensure the Electors Rights dates cover the first 10 days of July.	No further recommendations.
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	The Parish Council falls in to the criteria for Councils below the £25k threshold, but has chosen to have a Limited Assurance Review. However, it must conform to the criteria and publish the items below.		
Compliance with the Transparency Act	1) Expenditure over £100 is recorded on the Council Web-Site and with all information requirements	Not currently available.	This should be included on the website.
Compliance with the Transparency Act	2) Annual Return published on the Web-Site	Available on the website.	No further recommendations.
Compliance with the Transparency Act	3) Explanation of significant variances	Not currently available on the website.	This should be included on the website.
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.

Process	Criteria	Findings	Recommendations and actions
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	Available on the Asset Register, but does not appear to be publicly available.	Publish the asset register on the website.
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.

Training

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. I recommend including Training as a regular agenda item.

Reserves

I recommend that the Parish considers the earmarked reserves levels and agrees to adopt a full Reserves Policy which should be reviewed annually. Guidance on reserves can be found in the latest edition of JPAG.

Banking

I recommend that the Council reviews the bank mandate annually as part of its review of finances in April.

GDPR / Information Publication Scheme

It is good to see that the Council has registered with the Information Commissioner. The ICO requires that a publication scheme which details where the information can be obtained is adopted by the Council. A model publication scheme is available on the ICO website.

Document Management

In our discussions, I noted that the Clerk is in possession of many of the Parish Council Minute books. As these books are the only record of the meetings and should be kept in perpetuity, I strongly recommend that just the last five years or so are kept with the Clerk, with the rest being deposited with the County Archive for safety. A review of other documents, both paper and electronic, should also be undertaken following adoption of a Document Retention policy.

Website

I recommend that a review of the website provision is undertaken in the summer in order that there is time to change the provider if necessary.

The website should also have an Accessibility Statement and a Privacy Notice.

Conclusion

I have noted that many of the actions which I recommended last year have been completed; the Clerk and Council should be commended for this.

Steeple Barton Parish Council has an electorate in the region of 1,209 and the Precept for the year 21/22 was set at £21,560.

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.

This report should be noted and taken to the next meeting of the Council for minuting to inform them of the Internal Audit work carried out.

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