

14 May 2023

Jane Olds
13 Oak Close
Bicester
Oxfordshire
OX26 3XD
01869 247171
janeolds.parishclerk@gmail.com

2022/23 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 31 March via Zoom and finalised the information on 14 May.

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 2022 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 2022 – Section 4).

Annual Return Section	Process	Findings	Recommendations and actions
A	Bookkeeping Arrangements	Appropriate books of account have been kept throughout the year and are maintained with 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.	No further recommendations.
C	Review of Internal Controls	The Council has Internal Control provision including a policy and a Councillor Responsible for Internal Financial Control.	No further recommendations.
C	Review of Risk Assessment	The Council has assessed the significant risks to achieving its objectives using their Risk Assessment; the document was considered on 25 April 2022 but the date had not been changed on the published document.	Ensure that the document is reviewed and updated annually at the beginning of the year. As mentioned previously, JPAG recommendations should be used (currently starting at 5.89 and criteria 5.91). The SLCC has a template document in the Advice section which the Council may find useful to use.
D	Budgetary Controls (Precept requirement)	The annual Precept requirement resulted from a budgetary process.	Ensure that the budget expenditure and other anticipated income is minuted prior to the agreement of the Precept to demonstrate the process has been followed.
D	Budgetary Controls (Budget monitoring)	Progress against the budget was monitored and minuted regularly.	No further recommendations.
D	Reserves were appropriate	Reserves were accounted for.	A list of reserves and a policy demonstrating a need for the reserves should be created.
D	The final outturn is in line with expectations	The final outturn was materially in line with expectations.	No further recommendations.

Annual Return Section	Process	Findings	Recommendations and actions
E	Income controls	Expected income was fully received and properly recorded.	No further recommendations.
E	VAT	VAT had been appropriately accounted for.	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 - all material assets correctly recorded	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 and removals correctly recorded	Additions in the year have been correctly recorded within the Cash Book and Register.	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.
H	Investment Registers	No investment register was required.	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 met the exemption criteria but chose to have a Limited Assurance Review.	No further recommendations.
L	Information published on website	The information is available.	While the information is available, the website is a very difficult to navigate.

Annual Return Section	Process	Findings	Recommendations and actions
M	Exercise of Public Rights	The Parish Council published the exercise of public rights notice on the website and noticeboard with the following dates: 6 June to 15 July.	No further recommendations.
N	AGAR publication Requirements	The Parish Council complied with the publication requirements for the 2021/22 AGAR.	No further recommendations.
O	Trust funds (If applicable) – the Council met its responsibilities as a trustee	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.	Ensure the review takes place annually.
External Audit recommendations have been considered and actioned.	Good Practice	The Conclusion of Audit report had been received for 21/22 and had been published on the website. Findings: Notice of Public Rights was not advertised correctly in 2020/21 and therefore the answer to statement 4 should have been 'no'.	Ensure that care is taken when completing the Annual Governance Statement in the future.
Accounting Statements agreed and reconciled to the Annual Return	Section 2 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.	
Compliance with the Transparency Code	As the Parish falls into the criteria for Councils below the £25k threshold, it must conform to the criteria and publish the items below.		

Process	Criteria	Findings	Recommendations and actions
Compliance with the Transparency Code	1) Expenditure over £100 is recorded on the Council website and with all information requirements	Not currently available.	Include on the website.
Compliance with the Transparency Code	2) Annual Return published on the website	Available on the website.	No further recommendations.
Compliance with the Transparency Code	3) Explanation of significant variances	Not currently available.	Include on the website.
Compliance with the Transparency Code	4) Explanation of difference between Box 7 & 8 if applicable	Not applicable.	No further recommendations.
Compliance with the Transparency Code	5) Annual Governance Statement recorded	Available on the website.	No further recommendations.
Compliance with the Transparency Code	6) Internal Audit Report Published	Available on the website.	No further recommendations.
Compliance with the Transparency Code	7) A List of Councillors' responsibilities	Available on the website.	No further recommendations.
Compliance with the Transparency Code	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 Code	9) Minutes & Agenda	Available on the website.	No further recommendations.

Further Recommendations:

Following the completion of the Internal Audit, the Council should undertake a review of effectiveness as per Regulation 6 of the Accounts and Audit Regulations 2015. 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 a regular agenda item and budget for training.

Agenda and Minutes

The Agenda must be published three clear days before the meeting and the copy which must be posted on the noticeboard as part of the publication process should be signed by the Clerk. This is a legal requirement.

The first item of business for the Agenda for the Annual Parish Council Meeting in May must be the election of the Chair; no other business (including apologies) should precede this item.

Standing Orders

I noted that the Standing Orders document was an old version which must be updated as soon as possible. The latest iteration was published by NALC in April 2022 and is available on the OALC website in the members' area.

Financial Management

Finance Reports

I recommend that the Council includes a financial report as part of the regular meeting agenda. This should include the state of the bank accounts (amounts in the bank accounts), any outstanding payments, any standing order or direct debit transactions and any income received.

I also recommend that the Council receives a budget monitoring report of actual expenditure over budget at least quarterly in order that the Council is able to ensure expenditure is on track.

Payments

I noted that quite a few of the invoices I reviewed did not have formal minute references because they were described as 'long term agreements' which had been agreed some time ago. I recommend that long term agreements – such as the dog bin emptying or the grass cutting – should be reviewed at least every three years, particularly to ensure that the Council is obtaining best value for money.

All decisions, particularly to spend money, must have their own specific agenda items in order that the motion can be considered fully.

I recommend that other payments such as the annual subscriptions should be included in a list of regular expenditure which should be agreed at the April meeting for the new financial year.

Powers to spend

The Council should consider the spending Power that they use when agreeing to place orders or make payments. The most popular Powers are available at the back of the *Good Councillor's Guide*. A full trail should be included in the Minutes of the consideration of the project, the agreement to order, receiving that order and the payment (examples would be a grass cutting contract or the purchase of a new bench).

Reserves

I noted that the Council had fairly significant reserves but that there was an apparent reluctance about publishing the amounts. As the funds held are public money and the Parish Council should be open and accountable for those funds, I strongly recommend that a Policy is devised and the reserves are earmarked to specific purposes.

Advice on allocating reserves is published in the Joint Practitioners Guide.

Banking and Payment Card

I recommend that the banking provision and mandate is reviewed annually to ensure that the signatories are still currently available.

It is only necessary to minute the names of the signatories when the mandate is changed.

While it may not be easy to obtain a debit card on the Parish Council's current account, other options, including a pre-paid card or a charge card, are available and should be investigated, particularly to pay for items such as the MS Office renewal.

Website

As mentioned last year, I recommend that a review of the website provision is undertaken.

Website provision should include provision of email addresses using the Council domain name for the Clerk and all Councillors to comply with the ICO and GDPR.

Transparency Code

The Transparency Code is referred to in the table above and Steeple Barton should be complying. The Code

(https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/388541/Transparency_Code_for_Smaller_Authorities.pdf) was published in December 2014 and required all Parish Councils under the £25,000 income / expenditure threshold to publish a variety of documents, together with enabling those Councils to claim exemption from External Audit.

The information required includes:

- all items of expenditure above £100 (see paragraphs 13 - 15);
- end of year accounts (see paragraphs 16 and 17),
- annual governance statement (see paragraphs 18 and 19),
- internal audit report (see paragraphs 20 – 22),
- list of councillor or member responsibilities (see paragraph 23),
- the details of public land and building assets (see paragraphs 24 - 27), and
- Minutes, agendas and meeting papers of formal meetings (see paragraphs 29 and 30).

The current website falls far short of these requirements. The Council should familiarise itself with the code and the Clerk must be given access to the website to be able to publish the documents.

Information Publication Scheme

I noted last year that the Information Publication Scheme had not been adopted. A model scheme is available from the ICO website and should be adopted as soon as possible to comply with ICO requirements.

Cyber Security

With instances of cyber crime and attacks on councils increasing, I recommend ensuring that passwords are strong and that online security is in place. Not only should there be a backup of data to the cloud,

but also a monthly backup to a removable hard drive to ensure that if the cloud data is corrupted or held to ransom, there is a reasonably recent backup which can be re-installed.

Conclusion

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

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

For information, I have now undertaken three reviews of the Parish Council and I recommend that the Council fully reviews the internal audit provision for the year 2023/24.

Steeple Barton Parish Council has an electorate in the region of 1203 and the Precept for the year 22/23 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