

21 April 2021

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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 25 February via Zoom. I then finalised my review on 21 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	<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>	<p>The Financial Regulations have been met.</p> <p>However, the Regulations are slightly out of date – there are a few, very minor, amendments to update to the 2019 model.</p>
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 adequate. 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)	<p>The annual Precept requirement resulted from an adequate budgetary process.</p> <p>However, the Precept and budget MUST be agreed formally at a Full Parish Council meeting, even if recommended by the Finance Committee.</p>	<p>The setting of the budget and Precept MUST have their own agenda items and be agreed at Full Council.</p> <p>Much more detail needs to be included in the Minutes regarding the setting of the draft budget which should be agreed prior to the consideration of the Precept (which should also be minuted in full).</p> <p>It would be good to see a basic draft budget published. The Council should be mindful that this is public money which is being spent / requested and therefore the information should be publicly available.</p>

Annual Return Section	Process	Findings	Recommendations and actions
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 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?	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 but need to be published and shown on the Register.	Ensure completion as soon as possible.
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 has not previously met the exemption criteria.	No further recommendations.
L	Information published on website	The information is available.	No further recommendations.

Annual Return Section	Process	Findings	Recommendations and actions
M	Exercise of Public Rights	The Parish Council published the exercise of public rights on the website and noticeboard.	I recommend that the notice is published in the Finance section of the website as well as posted on the noticeboard 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.	No further recommendations.
M	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 19/20 and had been published on the website. Findings: ensure that the correct fixed assets value is included; ensure that the name of the 'announcer' is included on the notice of public rights and ensure that the website address is included on the form.	Ensure that all information is correct prior to submission. It is important that the Chairman signing the form should also check the information required.
Qualifications made, if any have been addressed in 2019/20.	Good Practice	None reported	No further recommendations.

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	Available 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	The AGAR Internal Audit Report was published, but it would be good practise to include the Internal Auditor's report too.
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.	Include this information with the asset Register and on the Finance Section of the website.
Compliance with the Transparency Act	9) Minutes & Agenda	Available on the website.	Recommendations – see below.

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.

The Agenda should include a summons to all Councillors as this is the legal document requiring the Councillors to attend a meeting. The agenda provided on the website does not include a summons. I will be happy to help provide a form of words if required.

I note that items for decision were being raised under the topic of "Matters Arising" or "AOB". All items for decision should have their own clearly written motion / agenda item in order that the Council – and any members of the public – are able to prepare adequately for the meeting; this will also help to focus the members on the items of business needing decision.

I recommend that "Matters Arising" is changed to "Update on Progress from the Minutes for reports which do not require further decision"; however anything which requires further decision should have its own agenda item.

Additionally, "Any Other Business" should be removed and replaced with "Items for information or next agenda only". Again, the only decision to be made is to put it on the next agenda.

It is also good practise for any non-confidential documents for discussion to be published on the website with the agenda.

More importance should be made of the Council's consideration of the AGAR. In order that all sections are completed in the order specified in the Accounts and Audit Regulations 2015, I recommend giving each section an individual agenda item – a suggested text can be supplied – which will then provide individual minute references and help with focus.

I should like to see more significance made of the budget and precept setting. The overall budget total must be considered by Full Council and should be minuted and a draft budget published for consideration; the Finance Committee may make recommendations, but the actual budget and Precept decision must be made by Full Council.

For clarity, once the budget has been considered, the total amount of Precept should also be minuted. It then helps to clarify that the amount requested is the amount deposited by the District Council.

All documents published by the Parish Council must be easily accessible, and therefore they should be prepared in PDF format. It should not be necessary to have to download any document in order to read it. I recommend moving forward that all documents are saved as PDFs – advice on how to convert documents from Word to PDF can be provided.

It was noted that at the time of the initial review, the Council did not appear to be registered with the Information Commissioner. Under the Data Protection Act 2018 it is a requirement that all

organisations which process personal data should be registered and have the appropriate publication scheme. The Council should also have appropriate Data Protection and Document Retention policies.

Many Clerks start working in a Parish with very little training or knowledge of how Parish Councils work and will copy what the previous Clerk did. While there are a number of comments above, these are meant to help improve the working and efficiency of the Council and I will be very happy to help the Clerk to work through them.

Steeple Barton Parish Council has an electorate in the region of 1,208 and the Precept for the year 20/21 was set at £21,080.

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