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Internal Audit Report from Jane Olds – Internal Auditor

I visited the Clerk, Wendy Quigley, at her home on 10 March 2020 and also used the information available on the website <http://www.woottondrysandfordshippon.co.uk/> .

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.	I have noted that most payments are now made by BACS.
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	The Financial Regulations have been reviewed and updated. I recommend that an annual list of direct debits and

Annual Return Section	Process	Findings	Recommendations and actions
		<p>expenditure.</p> <p>Payments were supported by invoices, and expenditure was approved and VAT appropriately accounted for.</p>	<p>standing orders are included for consideration.</p> <p>I recommend that all payments should be minuted and if the purchase differs in any way from the original, minuted, agreement, that the difference is minuted before the payment is agreed.</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 Assessment needs publishing on the website.
D	Budgetary Controls (Precept requirement)	The annual Precept requirement resulted from an adequate budgetary process.	No further comment.
D	Budgetary Controls (Budget monitoring)	Progress against the budget was monitored and minuted regularly.	<p>It is good to see that the budget is monitored regularly.</p> <p>I recommend that all overspends on budgets should be minuted and if possible, a virement from an underspent budget made.</p>
D	The final Outturn is in line with expectations.	The final outturn was materially in line with expectations.	None.
E	Income controls	Expected income was fully received and properly recorded.	None.
F	Petty cash controls	Petty cash is not operated by the Council.	None.
G	Payroll controls	Salaries to employees were paid in accordance with Council approvals.	No further comment.
H	Asset Controls -the register has correctly recorded all material assets?	The current asset register was accurate and up-to-date.	None.
H	Asset Controls - all additions correctly recorded?	All new purchases had been included.	None.

Annual Return Section	Process	Findings	Recommendations and actions
H	Asset Controls - all Deeds and Titles established and shown on register?	The Deeds and Titles of land are not currently shown on the Register, although the land is itemised in the asset register and on the website.	It is good practice to publish the Land Registry reference details (where known) and possibly the maps as part of the asset register.
I	Bank Reconciliations	Reconciliation is satisfactory.	The electronic system is working well.
J	Accounting Statements	The Accounting Statements prepared during the year were prepared on the correct accounting basis, agreed with the cash book and were supported by an adequate audit trail.	None.
K	Limited Assurance Review Exemption	The Council does not meet the exemption criteria.	None.
L	Exercise of Public Rights	The Parish Council published the exercise of public rights on the website and noticeboard.	I recommend filing the hard copy of the notice with the AGAR once it has been taken down in case it is required as proof in the future.
M	Trust Funds (If applicable)	The Parish Council does not operate as a Trustee for any external body.	None.

Transparency Compliance

Process	Criteria	Findings	Recommendations and actions
Review of Internal audit action plan has been considered and actioned?	Good Practice	The previous Internal Audit was reviewed by the Council.	The Internal Audit Report should be taken to Council and actions noted / acted upon.
Good Practice	External Audit recommendations have been considered and actioned.	It was not clear whether the External Audit recommendations had been formally considered at a meeting.	Strongly recommend minuting the report and recommendations.
	Qualifications made, if any have been addressed in	It was noted that there was a difference between boxes 7 and	Ensure that boxes 7 and 8 are the same value this year.

Process	Criteria	Findings	Recommendations and actions
	2018/19.	8 of the AGAR and that these two boxes should be the same value if using 'Receipts and Payments'. The Internal Auditor understood that there appeared to be an accounting misunderstanding by the External Auditor regarding the value of boxes 3 and 7.	
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.	This will be checked after the Year End.	None.
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 practice for Parish Councils above the threshold to comply.	None.
Compliance with the Transparency Act	1) Expenditure over £100 is recorded on the Council Web-Site and with all information requirements	No apparent record of this.	It is good practice to publish this.
Compliance with the Transparency Act	2) Annual Return published on the Web-Site	Compliant.	None
Compliance with the Transparency Act	3) Explanation of significant variances	There was no record of significant variances being published under the 2018/19 Annual Governance Documents.	Significant variances should be published on the website as part of the AGAR return.
Compliance with the Transparency Act	4) Explanation of difference between	No explanation given for last year's	Ensure that these two boxes are the same.

Process	Criteria	Findings	Recommendations and actions
	Box 7 & 8 if applicable	difference.	
Compliance with the Transparency Act	5) Annual Governance Statement recorded	Compliant and published.	None.
Compliance with the Transparency Act	6) Internal Audit Report Published	Compliant and published.	None.
Compliance with the Transparency Act	7) A List of Councillors' responsibilities	This is not currently available.	<p>Publish an annual list of Councillors and their responsibilities, including</p> <ul style="list-style-type: none"> - Chairman / Vice Chairman - PC representative on external organisations (such as the village hall / community centre) - their election / co-option dates and - a link to the District Council's website for the Register of Member's Interests forms <p>This can then be included in the annual finance section of the website</p>
Compliance with the Transparency Act	8) Details of Public Land and Building Assets	This is briefly outlined on the website, but the Land Registry details are not included.	Publish the Asset register and include in it the Land Registry reference numbers.
Compliance with the Transparency Act	9) Minutes & Agenda	The documents are available.	I recommend dividing the documents into Council years so that they can be included and easily viewed with the financial information.

Further Recommendations:

The Parish Clerk and Council have made great leaps forward in terms of governance and accountability over the last year for which they are to be commended.

I noted that the Council was not registered with the Information Commissioner. Under the Data Protection (Charges and Information) Regulations 2018 which came into force in May 2018, organisations that determine the purpose for which personal data is processed (controllers) must pay a data protection fee unless they are exempt. The new fee replaces the requirement to 'notify' (or register), which was in the Data Protection Act 1998. Parish Councils are not classed as exempt and are still processing data (even if it's just letters, emails and telephone calls) and therefore should pay the data protection fee. However, Parish Councils are exempt from having to have a Data Protection Officer. For further information, ask OALC or on the ICO's website:

<https://ico.org.uk/for-organisations/guide-to-data-protection/guide-to-the-general-data-protection-regulation-gdpr/accountability-and-governance/data-protection-fee/>

While the Parish has a website, it appears difficult for the Clerk to administer and is very slow to load and update. A full review, including ensuring that it complies with the Public Sector Bodies (Websites and mobile applications) (no. 2) Accessibility Regulations 2018 is recommended. This includes ensuring that all documents uploaded to the site, from now on, are accessible, particularly with the Regulation deadline of 23 September 2020. I also recommend creating a simple Accessibility Statement for the website. If the Clerk would like guidance on the accessibility settings in Word, I have created a short step by step guide.

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
Internal Auditor