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Internal Audit Report for Wootton (Abingdon) Parish Council

From Jane Olds – Internal Auditor

I reviewed the documents provided and met with the Clerk, Wendy Quigley, on 5 April via Zoom and finalised the information on 29 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	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	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 (2021 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.	Recommend publishing a quarterly budget monitoring report.
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.

Annual Return Section	Process	Findings	Recommendations and actions
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?	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	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 fully available.	No further recommendations.
M	Exercise of Public Rights	The Parish Council published the exercise of public rights on the website and noticeboard.	Ensure that the Electors' Rights dates are for 30 working days and cover the first ten days of July. Attention this year should be given to the dates due to the Jubilee holidays.
N	AGAR Publication Requirements	The Parish Council complied with the publication requirements for the 2020/21 AGAR.	No further recommendations.
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

Process	Criteria	Findings	Recommendations and actions
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 that restated figures have been completed accurately. Ensure that bank interest is included in Box 3.	Ensure that the External Auditor's advice is followed.
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.	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	Available on the website.	No further recommendations.
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	Available on the website.	No further recommendations.
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	Available on the website.	No further recommendations.
Compliance with the Transparency Act	6) Internal Audit Report Published	Form available on the website.	Include the full report.

Process	Criteria	Findings	Recommendations and actions
Compliance with the Transparency Act	7) A List of Councillors' responsibilities	Available on the website.	No further recommendations.
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	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.

The Clerk should be congratulated on achieving her CiLCA (Certificate in Local Council Administration) qualification.

Training

While the Clerk has undertaken significant training, I also recommend that Councillors should be encouraged to take up the training offered by the local County Association to increase their knowledge and understanding of the sector. I recommend including a regular agenda item for training.

As part of the Clerk's continuing professional development, the Council may support the Clerk in attending the annual SLCC Conferences and other SLCC training.

Finance

Budget Monitoring Report

While the Clerk/RFO is responsible for the day-to-day running of the Parish, the Council should be reminded that, as a corporate body, it is the Council which is responsible for financial governance and this responsibility should not be taken lightly.

I note that the Council receives a regular finance report. As part of this report, on a quarterly basis, I recommend that a budget monitoring report documenting expenditure over budget should be presented and published in order that the Council is able to ensure that expenditure is on track.

Reserves

I noted that the Council had fairly significant reserves. I recommend that much of the general reserve is allocated to earmarked reserves as, moving forward, the Council may find it difficult to justify the Precept with the current levels. Advice on allocating reserves is published in Section 5 of the Joint Practitioners Guide which is published annually.

Staff Appraisal

The Clerk is employed by the Council and the Council, therefore, should be mindful that it is, as a corporate body, an employer. I recommend that the Council form a staffing committee, of at least three members, which is able to perform an annual review of the Clerk's employment. Employment training provided by the County Association should be undertaken.

Provision of Equipment

A council must supply the Clerk with the appropriate IT equipment (including a laptop computer) to execute the council's business properly. It is not acceptable for employees to use their own equipment.

This is particularly to mitigate the risk of another person needing to take over the role of Clerk in an emergency if the current Clerk were indisposed.

Assets

The Parish Council assets should be inspected for risk and the condition minuted at least annually. This should be a project for the entire Council.

Document Management

In our discussions, I noted that many of the Parish Council Minute books are still in the Parish. 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; I understand that it is hoped to make digital records but this should be completed sooner rather than later. A review of other documents, both paper and electronic, should also be undertaken using the Document Retention policy.

I noted that the Councillors generally set up individual Gmail accounts for Parish Council use. I recommend investigating a company – possibly as part of the webhosting – that is able to provide email addresses which can be controlled by the Clerk and closed following a Councillor's resignation.

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.

Wootton Parish Council has an electorate in the region of 2,209 and the Precept for the year 21/22 was set at £60,950.

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