

8 April 2023

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

## 2022/23 Internal Audit Report for Ilmington Parish Council

From Jane Olds – Internal Auditor

I reviewed the documents provided and met with the Clerk, Pauline Rigby, on 10 March via Zoom and finalised the information on 8 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 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).

<b>Annual Return Section</b>	<b>Process</b>	<b>Findings</b>	<b>Recommendations and actions</b>
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.

<b>Annual Return Section</b>	<b>Process</b>	<b>Findings</b>	<b>Recommendations and actions</b>
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.	Consideration should be given to appointing a Councillor Responsible for Internal Financial Control.
C	Review of Risk Assessment	The Council has assessed the significant risks to achieving its objectives using their Risk Assessment and the document was adopted at a meeting on 16 June 2022 and has been published.	The Risk Management Assessment is adequate. However, the Council should review and update it annually using the JPAG recommendations (2022 version - starting at 5.84) and publish it on the website.
D	Budgetary Controls (Precept requirement)	The annual Precept requirement resulted from an adequate budgetary process.	The budget amount (both expected expenditure and expected income) and the Precept amount should be agreed and minuted in order that the final outturn can be confirmed.
D	Budgetary Controls (Budget monitoring)	Progress against the budget was monitored and minuted regularly.	No further recommendations.
D	Reserves were appropriate	Reserves were adequately accounted for.	No further recommendations.
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.
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.

<b>Annual Return Section</b>	<b>Process</b>	<b>Findings</b>	<b>Recommendations and actions</b>
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 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 notice on the website and noticeboard with the following dates: 1 July to 11 August.	Ensure that the date of the notice is at least one day after the meeting adopting the accounts and the dates start a day after the notice and are for 30 working days and cover the first then working days of July.
N	AGAR publication Requirements	The Parish Council complied with the publication requirements for the 2021/22 AGAR.	No further recommendations.

Annual Return Section	Process	Findings	Recommendations and actions
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 not been reviewed the previous year.	Ensure that the Internal Audit Report is included in the AGAR supporting documents on the website and reviewed in full Council.
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: none	No further recommendations.
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 Code	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 Code	1) Expenditure over £100 is recorded on the Council website and with all information requirements	All payments included on the agenda and in the Minutes.	No further recommendations.
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	Available on the website.	No further recommendations.

<b>Process</b>	<b>Criteria</b>	<b>Findings</b>	<b>Recommendations and actions</b>
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	AGAR portion published, no accompanying document.	Publish both parts of the report.
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.	No further recommendations.
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.

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.

#### **Internal Financial Control Responsibility**

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 recommend that a Councillor Responsible for Internal Financial Control is appointed and an Internal Financial Control policy adopted. It is not necessary for the Councillor to have experience of finance as this is to check that procedures have been followed and amounts are correct.

#### **Debit Card**

The Council does not hold petty cash. However, the Council may like to consider the provision of a debit card or charge card on the bank account in the Clerk/ RFO's name in order that items such as Office365, anti-virus software or items which can be purchased more cost effectively online can be bought in the Parish's name without the need to resort to the Clerk or another Councillor having to use their personal accounts. With the appropriate safeguards and procedures this would be acceptable.

## **Risk Assessment**

As mentioned in Point C. above, the Council must assess the significant risks and the impact on the Council on achieving these objectives. A review of additional scenarios should be considered including the possibility that the Council became inquorate and the costs this could incur, the financial impact of the loss of the Clerk, or even the possibility of the Precept being paid later than expected.

## **Document Management**

In our discussions, I noted that the Clerk is in possession of some 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.

## **Councillor Email Accounts**

As part of GDPR, it is recommended that all Councillors should use email addresses provided for them by the Council.

## **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.

Ilmington Parish Council has an electorate in the region of 595 and the Precept for the year 22/23 was set at £20,969.

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