

2 May 2022

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

Internal Audit Report for Waterperry with Thomley Parish Council

From Jane Olds – Internal Auditor

I reviewed the documents provided and met with the Clerk, Lawrence Wootten, on 12 April via Zoom and finalised the information on 2 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 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. Particular consideration should be made of the likelihood x impact assessment.
D	Budgetary Controls (Precept requirement)	The annual Precept requirement resulted from an adequate budgetary process.	More detail is required in future.
D	Budgetary Controls (Budget monitoring)	Progress against the budget was monitored and minuted regularly.	Publish the budget monitoring at least six-monthly.
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.

Annual Return Section	Process	Findings	Recommendations and actions
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?	There are currently no Deeds or Titles.	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 meets the exemption criteria.	No further recommendations.
L	Information published on website	The information is available.	Add a policies / governance section.
M	Exercise of Public Rights	The Parish Council published the exercise of public rights on the website and noticeboard. However, 21 June to 16 July did not cover 30 working days.	Ensure that the notice includes the full 30 working days (including the first ten working days of July). A calculator has been provided. Post the notice on the noticeboard, publish it in the Finance section of the website, and Minute the dates prior to publication. Note that the earliest date for 21/22 is 1 June due to the Jubilee bank holiday.
N	AGAR Publication Requirements	The Parish Council complied with the publication requirements for the 2020/21 AGAR.	No further recommendations.

Annual Return Section	Process	Findings	Recommendations and actions
O	Trust Funds (If applicable)	The Parish Council operates as a Trustee for one external bodies. Returns are filed.	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 Council reviews the effectiveness of the internal audit.
External Audit recommendations have been considered and actioned.	Good Practice	Not applicable.	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 Act	As the Parish falls into the criteria for Councils below the £25k threshold, it must conform to the criteria and publish the items below.		
Compliance with the Transparency Act	1) Expenditure over £100 is recorded on the Council Web-Site and with all information requirements	Expenditure is in the Minutes.	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	20/21 is available – ensure 21/22 is published with the rest of the documents.	No further recommendations.
Compliance with the Transparency Act	4) Explanation of difference between Box 7 & 8 if applicable	Not applicable.	No further recommendations.

Process	Criteria	Findings	Recommendations and actions
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	Available on the website.	No further recommendations.
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	Not applicable.	No further recommendations.
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.

Training

The Clerk should be congratulated on his completion of ILCA and supported in any further training including FILCA and CiLCA (Certificate in Local Council Administration). The qualifications will be of great benefit, not only to the Clerk's professional development, but to the Council, particularly the possibility of the adoption of the General Power of Competence.

Now that the Clerk has undertaken training, I recommend that the Councillors, too, should be encouraged to take up the training offered by OALC to increase their knowledge and understanding of the sector. I recommend including a regular agenda item for training.

Financial Responsibility and Budget Setting

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 an Internal Financial Control policy is adopted and a Councillor Responsible for Internal Financial Control is appointed to help the Clerk / RFO.

Debit Card

The Council has dispensed with petty cash (rightly in my opinion), but the Council may like to consider the provision of a debit card or charge card on the bank account in order that items such as Office 365, anti-virus software or website domain names 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.

Information Commissioner

I noted that the Council was not registered with the Information Commissioner. Under the Data Protection Act 2018 it is a requirement that all organisations which process personal data (even the

receipt of an email from a villager is classed as processing personal data) should be registered and have an appropriate publication scheme. A model publication scheme can be downloaded from the ICO website. The Council should also have appropriate Data Protection and Document Retention policies.

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 the Clerk is in possession of many 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 the email addresses provided for them by the Council.

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 many of the actions, including the updated Standing Orders and Financial Regulations, the regularisation of the Reserves, the assets register and many other suggestions which I recommended last year have been completed; the Clerk and Council should be commended for this.

Waterperry with Thomley Parish Council has an electorate in the region of 150 and the Precept for the year 21/22 was set at £7,150.

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