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2022/23 Internal Audit Report for Padbury Parish Council

From Jane Olds – Internal Auditor

I reviewed the documents provided and met with the Clerk, Pam Molloy, on 28 March via Zoom and finalised the information on 23 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).

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.
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.	A Councillor responsible for Internal Financial Control together with a policy and a checklist should be considered.
C	Review of Risk Assessment	The Council has assessed the significant risks to achieving its objectives using their Risk Assessment; the document was adopted at a meeting on 24 May 2022 and has been published.	Ensure that the Risk Assessment continues to be reviewed annually – preferably at the beginning of the Financial Year in order that it can be used as a working document throughout the year. JPAG recommendations should be used (currently starting at 5.89 and criteria 5.91) to aid the review.
D	Budgetary Controls (Precept requirement)	The annual Precept requirement resulted from an adequate budgetary process.	Ensure that the budget is fully considered prior to the agreement of the Precept amount.
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.	Include the reserves amounts in the policy for clarification.

Annual Return Section	Process	Findings	Recommendations and actions
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.
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?	Deeds and Titles are yet to be fully established and shown on the Register.	Ensure that the reference number is shown on the Asset Register.
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 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 notice on the website and noticeboard with the following dates: 13 June to 22 July 2022.	Minute the dates at the same time as the consideration of the AGAR.
N	AGAR publication Requirements	The Parish Council complied with the publication requirements for the 2021/22 AGAR.	No further recommendations.
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	It was not clear whether the Audit had been fully reviewed the previous year.	Ensure that the Internal Audit is reviewed.
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: The Risk Assessment had not been completed the previous year and therefore 'no' had been marked in Box 5 of Section 1. Remedied this year.	Ensure that the Risk Assessment is completed at the beginning of the financial year.
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.

Process	Criteria	Findings	Recommendations and actions
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	Available on the website.	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.
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	Available on the website.	No further recommendations.
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 website.	Ensure that the Land Registry reference number is included on the Asset Register.
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.

Training

The Clerk and the Councillors should be commended for taking up the training offered by the local County Association and SLCC and should continue to do so – a regular agenda item on training should be welcomed. The Clerk should be congratulated on her achievement at passing ILCA and may like to consider CiLCA (Certificate in Local Council Administration) in the future as this would 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.

Staffing

The Council should take advice from the County Association's HR adviser about the Caretaker and Gatekeeper's conditions and pay as they could be considered employees of the Council.

Charge or Debit Card

It is understood that debit card is still under consideration. Pre-payment cards could also be considered.

Councillor Email Accounts

I note that most Councillors now have email addresses provided by the Council using the formal padburyparishcouncil.com domain name, which is to be welcomed.

Website Documents

As mentioned last year, all documents published by the Parish Council must be easily accessible, and therefore they should be prepared in PDF in order that proprietary software such as Word or Excel is not required to read the documents. Having to download documents can negatively impact community engagement as many people do not want to clutter up their computers with unnecessary documents or potentially import a virus or malware.

I can confirm that a quick examination of Buckinghamshire Council's meeting documents – agenda, minutes and accompanying papers use PDF. I still recommend, moving forward, that all documents are saved as PDFs – advice on how to convert documents from Word and Excel to PDF can be provided.

Electronic Security

With Councils becoming targets of unwanted phishing attention, I recommend that passwords are reviewed and all data is backed up to an external hard drive which is usually more reliable than USB 'sticks'.

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 which I recommended last year have been completed; the Clerk and Council should be commended for this.

For information, I have now undertaken three reviews of Padbury Parish Council and I recommend that the Council fully reviews the internal audit provision for the year 2023/24.

Padbury Parish Council has an electorate in the region of 710 and the Precept for the year 22/23 was set at £26,400.

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