

13 April 2022

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

## Internal Audit Report for Great & Little Kimble cum Marsh Parish Council

From Jane Olds – Internal Auditor

I reviewed the documents provided and met with the Clerk, Tracey Martin, on 21 March via Zoom and finalised the information on 13 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).

<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	Council has not assessed all the significant risks to achieving its objectives as there is no Risk Assessment.	The Risk Assessment – which should be reviewed annually, preferably at the beginning of the financial year – should be used as a working document throughout the year. The recommendations on how to produce a comprehensive RA are published in JPAG.
D	Budgetary Controls (Precept requirement)	The annual Precept requirement resulted from a limited budgetary process as far as detailed in the Minutes.	The new Clerk understands the budget process and will ensure that a full budget is produced prior to the Precept decision.
D	Budgetary Controls (Budget monitoring)	Progress against the budget was monitored and minuted regularly.	The new Clerk has started to produce reports which are publicly available.
D	The final Outturn is in line with expectations.	The final outturn appeared to be materially in line with expectations.	Ensure the full budget is minuted.
E	Income controls	Expected income appears to have been received and recorded.	Ensure that receipt of income is recorded in the Minutes.
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 now correctly recorded all material Assets. The correct basis of valuation has been applied.	It appeared that some items had been omitted from the Asset Register previously. This has now been rectified.

<b>Annual Return Section</b>	<b>Process</b>	<b>Findings</b>	<b>Recommendations and actions</b>
H	Asset Controls - all additions correctly recorded?	No purchases had been made.	The change in value is due to adding items previously omitted.
H	Asset Controls - all Deeds and Titles established and shown on register?	All appropriate Deeds and Titles should be established and shown on the Register.	Establish the title registration number if appropriate.
I	Bank Reconciliations	Periodic and year-end reconciliations were properly carried out, particularly during the second half of the year.	Ensure that the reconciliations are continued.
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, particularly during the second half of the year.	Maintain the current working practices.
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.
M	Exercise of Public Rights	The Parish Council published the exercise of public rights on the noticeboard.	Ensure that the Public Rights notice is published on the website as well as the noticeboard and the dates minuted.  Please 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.
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 did not appear to have been reviewed the previous year.	Ensure that there is a review of effectiveness of internal audit.
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: 19/20 AGAR failed to make proper provision for Electors Rights and that therefore the answer to assertion 7 in the 20/21 Annual Governance Statement should have been 'no'.	Ensure the electors rights dates are correct and ensure that the Annual Governance Statement is completed correctly.
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.	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	Not recorded separately, but all expenditure is recorded 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	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 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	Not currently available.	Good practise to publish this.
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	Available on the website.	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 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 for training together with an adequate training budget.

#### **Financial 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; this responsibility should not be taken lightly.

The Councillor Responsible for Internal Financial Control should have a check sheet to help them make the appropriate checks on the accounts. For instance, with the payments, I recommend that the Councillor identifies a number of payments from the bank statement and then follows them back through the Minutes checking the process of paying and agreeing to place the order / undertake the work. The Councillor should also check that any income is also recorded.

Prior to the current Clerk's appointment, there did not appear to be a sound trail of agreement to spend or make purchase within the Minutes. For instance, there does not appear to be a Minute reference for the purchase of the village entry gates, the website hosting or some playground repairs. All decisions, particularly to spend money, must have their own specific agenda items in order that the motion can be considered fully.

I also recommend that a list of regular expenditure – such as subscriptions should be agreed at the April meeting.

I further recommend that the Minute reference when the Council agreed to place the order / undertake the work is recorded in the payment schedule so that the Council is able to refer back and satisfy themselves that the correct amount is on the invoice.

### **Budget**

The budget for the year 2021/22 was not adequately demonstrated. However, the new Clerk understands the importance of the preparation of the budget as can be shown in the January 2022 Minutes – although, moving forward it would be good to Minute the draft budget amount when considering the Precept; this should then be confirmed in April for the forthcoming financial year.

### **Reserves**

I noted that the Council had fairly significant reserves but that much of these were not currently earmarked for specific projects. I strongly recommend that much of the general reserve is allocated to earmarked reserves as, moving forward, the Council could find it difficult to justify the Precept with the current levels. Advice on allocating reserves is published in the Joint Practitioners Guide (from page 38).

### **Risk Assessment**

It was noted that the Council had not adopted a Financial Risk Assessment which is part of the Internal Financial Controls requirement. Guidance on what to include in a Financial Risk Assessment is available in the latest edition of the Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide – see from section 5.84.

### **Petty Cash / Debit Card**

I note that 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 order that items such as Dropbox, 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.

### **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.

### **Working from Home Allowance**

The Clerk is entitled to the Working from Home Allowance, particularly as the Council does not incur the costs of a Parish Office. I recommend that the Council budgets to pay the Clerk for the full – HMRC agreed – £6 per week. Advice should be sought from the payroll company about whether the allowance is part of the tax code or paid separately.

## **GDPR / Information Publication Scheme**

It is good to see that the Council has registered with the Information Commissioner. The ICO requires that a publication scheme which details where the information can be obtained is adopted by the Council. A model publication scheme is available on the ICO website.

The Council should also have a Data Protection Policy and a Document Retention Scheme as part of its suite of GDPR policies.

## **Document Management**

In our discussions, I noted that the Clerk is in possession of many of the Parish Council Minute books and other documents. As the Minute 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 mentioned above.

## **Councillor Email Accounts**

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

## **Code of Conduct**

It is understood that Buckinghamshire has updated the Code of Conduct. The new version should now be adopted.

## **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 done over the last few months.

Great and Little Kimble cum Marsh Parish Council has an electorate in the region of 864 and the Precept for the year 21/22 was set at £42,000.

In general, I believe that the Council has reasonably competent arrangements in place to satisfy itself that its systems of internal financial control are transparent and effective (apart from the lack of a Financial Risk Assessment).

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