

19 May 2021

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## Internal Audit Report for Blackbird Leys Parish Council

From Jane Olds – Internal Auditor

I reviewed the documents provided and met with the Clerk, Emma Kearney, on 19 May via Zoom.

### **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 2020 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 2020 – 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.<br><br>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 (2020 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.   | Ensure that the Precept request amount is minuted fully.  |
| D                            | Budgetary Controls (Budget monitoring)                                    | Progress against the budget was monitored and minuted regularly.  | 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.   |
| 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.   |

| <b>Annual Return Section</b> | <b>Process</b>   | <b>Findings</b>  | <b>Recommendations and actions</b>   |
|------------------------------|--|--|--|
| 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 no Deeds and 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 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  | <p>The Parish Council published the exercise of public rights on the website and noticeboard.</p> <p>However, it was noted that the dates omitted to include the August Bank Holiday and was therefore only 29 days.</p> | <p>Care should be taken to ensure that the fully 30 working days, including the first 10 working days of July, is included in future.</p> <p>To assist with calculating the dates, a calculations spreadsheet is available.</p> <p>I recommend that the notice is posted on the noticeboard, published in the Finance section of the website, and that the dates are agreed and Minuted prior to publication.</p> <p>Photographic proof may be required next year.</p> |
| N                            | AGAR Publication Requirements  | The Parish Council complied with the publication requirements for the 2019/20 AGAR   | No further recommendations.  |

| Annual Return Section | Process                     | Findings  | Recommendations and actions |
|-----------------------|-----------------------------|---|-----------------------------|
| O                     | Trust Funds (if applicable) | The Parish Council does not operate as a Trustee for any external body. | 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 effectiveness of Internal Audit is considered in future. |
| External Audit recommendations have been considered and actioned.      | Good Practice   | The Conclusion of Audit report had been received for 19/20 and had been published on the website.<br><br>A number of findings were raised by the External Auditor, particularly relating to the Exercise of Electors' Rights. | Ensure that the Electors Rights period is compliant this year.           |
| 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 currently available on the website.   | If possible, it is good practise to include this.                        |
| Compliance with the Transparency Act                                   | 2) Annual Return published on the Web-Site  | Published on the website.   | No further recommendations.  |
| Compliance with the Transparency Act                                   | 3) Explanation of significant variances   | Published 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                      | Published on the website.                              | No further recommendations.        |
| Compliance with the Transparency Act | 6) Internal Audit Report Published                           | Published on the website.                              | No further recommendations.        |
| Compliance with the Transparency Act | 7) A List of Councillors' responsibilities                   | Published on the website.                              | No further recommendations.        |
| Compliance with the Transparency Act | 8) Details of Public Land and Building Assets                | The Parish Council does not own any land or buildings. | No further recommendations.        |
| Compliance with the Transparency Act | 9) Minutes & Agenda  | Published on the website.                              | No further recommendations.        |

#### **Further Recommendations:**

Following the completion of the Internal Audit, I strongly recommend that the Council completes a review of effectiveness. A blank form can be supplied.

The Clerk should be supported in training and particularly her request to undertake CiLCA (Certificate in Local Council Administration). This 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.

Councillors should be encouraged to take up the training offered by the local County Association to increase their knowledge and understanding of the role.

The Council should undertake a review to ensure that the banking provision is fit for purpose. I recommend that the Clerk is the administrator on the bank accounts and that the Council has at least three Councillor authorisers / signatories. To protect the Council and Clerk, a similar procedure should be maintained whether cheques or online payments are made – ie that the Clerk prepares the payment and at least one Councillor (for online) authorises it having seen and checked the appropriate paperwork. Consideration may like to be made of a change of provider, even if this means paying bank fees, as this may save the Clerk time overall.

As part of the banking review, the Council might like to consider some form of payment card on the account for the Clerk, in order that items can be ordered online. With the appropriate safeguards in place this would be more appropriate than the Clerk having to use her own personal debit card for Parish Council expenses.

In our discussions I noted that many of the Parish Council Minute books are currently stored with the Clerk. 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.

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. The Clerk, particularly, should be congratulated on the work she has undertaken, over a difficult year, to get the Council on track.

Blackbird Leys Parish Council has an electorate in the region of 13,000 and the Precept for the year 20/21 was set at £54,389.

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.

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