

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

Emma Kearney  
Parish Clerk  
Blackbird Leys Parish Council

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## Internal Audit Report from Jane Olds – Internal Auditor

Due to the current restrictions, the Clerk, Emma Kearney and I had discussions via Zoom on 3, 14 and 21 July.

### **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 comment.
B	Council's Financial Regulations have been met with regard to expenditure	The Council's Financial Regulations have been met in that, in general, appropriate authorisations have been given for each level of expenditure.  The majority of payments were supported by invoices, and expenditure was approved and VAT appropriately accounted for.	The Financial Regulations should be updated to the latest edition (2019) from NALC which is available on the OALC website (see recommendations below).
C	Review of Internal Controls	I have noted that Council has assessed the significant risks to achieving its objectives using their Risk Assessment.  The addition of the Councillor responsible for internal financial control was welcomed.	No further comment.
D	Budgetary Controls (Precept requirement)	The annual Precept requirement resulted from an adequate budgetary process.	No further comment.
D	Budgetary Controls (Budget monitoring)	Progress against the budget was monitored and minuted regularly.	No further comment.
D	The final Outturn is in line with expectations.	The final outturn was materially in line with expectations.	No further comment.
E	Income controls	Expected income was fully received and properly recorded.	No further comment.
F	Petty cash controls	Petty cash is not operated by the Council.	

<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 comment.
H	Asset Controls -the register has correctly recorded all material assets?	The current asset register was accurate.	No further comment.
H	Asset Controls - all additions correctly recorded?	The new noticeboards had been added.	No further comment.
H	Asset Controls - all Deeds and Titles established and shown on register?	There are no Deeds and Titles.	No further comment
I	Bank Reconciliations	Reconciliation is satisfactory.	No further comment
J	Accounting Statements	The Accounting Statements prepared during the year were prepared on the correct accounting basis, agreed with the cash book and were supported by an adequate audit trail.	No further comment.
K	Limited Assurance Review Exemption	The Council did not meet the exemption criteria.	No further comment.
L	Exercise of Public Rights	The Parish Council published the exercise of public rights on the website and noticeboard.	No further comment.
M	Trust Funds (If applicable)	The Parish Council does not operate as a Trustee for any external body.	No further comment.

### **Transparency Compliance**

<b>Process</b>	<b>Criteria</b>	<b>Findings</b>	<b>Recommendations and actions</b>
Review of Internal audit action plan has been considered and actioned? Good Practice	Good Practice	The previous internal audit was reviewed by the Council.	No further comments.
	External Audit recommendations have been considered and actioned.	The Conclusion of Audit report had not yet been received for 18/19.	No further comments.

<b>Process</b>	<b>Criteria</b>	<b>Findings</b>	<b>Recommendations and actions</b>
	Qualifications made, if any have been addressed in 2018/19.	No further comment necessary.	None.
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.	No further comment necessary.	None.
Compliance with the Transparency Act		The website has the relevant information currently required.	See further thoughts below.
Compliance with the Transparency Act	1) Expenditure over £100 is recorded on the Council Web-Site and with all information requirements	Not currently available for 2018/19	This is not a requirement, but is good practice
Compliance with the Transparency Act	2) Annual Return published on the Web-Site	The 2018/19 Annual Return is available.	None.
Compliance with the Transparency Act	3) Explanation of significant variances	The significant variances are available.	Significant variances should be sent to the External Auditor and then published on the website.
Compliance with the Transparency Act	4) Explanation of difference between Box 7 & 8 if applicable	Compliant – no differences.	None.
Compliance with the Transparency Act	5) Annual Governance Statement recorded	Compliant and published.	It is recommended that the AGAR Statement is on the agenda and minuted separately from the accounts.
Compliance with the Transparency Act	6) Internal Audit Report Published	Compliant and published.	None.
Compliance with the Transparency Act	7) A List of Councillors' responsibilities	This is not currently available.	I recommend adding the useful information to the Councillor section of the website and include

Process	Criteria	Findings	Recommendations and actions
			- election / co-option dates - membership of any committees (planning etc) - a link to the District Council's website for the Register of Member's Interests forms This can then be included in the annual finance section of the website
Compliance with the Transparency Act	8) Details of Public Land and Building Assets	The Parish Council does not own any land or buildings	None.
Compliance with the Transparency Act	9) Minutes & Agenda	This is available.	None.

#### Further Recommendations:

The Clerk has made huge progress in bringing the Parish Council up to a good working standard.

The comments below are to help the Council move forward and are not a criticism.

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

#### Training

The Clerk should be congratulated and rewarded with a spine point pay rise, as per her Contract, for her completion of ILCA. She should now be supported and encouraged in undertaking CiLCA (Certificate in Local Council Administration).

Councillors should also take advantage of the training provided by OALC. A number of virtual courses have recently been arranged including Roles and Responsibilities, Chairmanship, the Experienced Councillor and Finance which will be well worth Councillors attending to expand their knowledge of the sector.

#### Governance

The Financial Regulations are out of date and need renewing. They currently do not allow for electronic banking which would be of great benefit to the Parish, particularly in these uncertain times. However, I recommend when the Council applies for the electronic banking element, that there are at least three Councillor authorisers (who can be the same or different from the cheque signatories), that you ensure that the Clerk is able to set up the payments as administrator (generally setting them for the date of the meeting) and that at least one Councillor, but preferably two (from the three) authorises the payments after the meeting.

It might also be useful to look into ordering a form of debit or charge card so that items such as Dropbox and Zoom can be paid for by the Parish Council without the Clerk having to pay for them and claim them back.

We reviewed some policies. I understand that the Freedom of Information policy is now complete. I recommend that a Data Protection policy and a Document Retention policy are also adopted to add to the GDPR 'suite'.

### **Website**

The new website looks good and is responsive. Of course, there is always more which can be added, but it has the current relevant information.

In order to comply with GDPR and the Accessibility regulations, an Accessibility Statement and a Privacy Notice should be added (these documents are usually found in the footers) to the website. I also recommend checking that Word is set as accessible (I have written some guidance on how to check this at <https://www.webowls.com/word-document-accessibility/> ) and provide all documents as PDFs on the website with a statement that other formats, such as Word or Excel will be available on request. PDFs are more universally viewable than other formats.

There are a number of browser tools and extensions to check that the website is accessible. I have used Wave and also use Read Aloud in Chrome to check readability, but others are available.

I also strongly recommend that, in order to comply with GDPR and Freedom of Information legislation, all Councillors use email accounts from the Parish domain name which should be kept separate from their personal accounts. These contact details can then be published and used for sending out formal documents.

A link to the Councillors Members' Interests forms which I understand are available on the City Council website, should be added to the Councillors page.

### **Conclusion**

The above are recommendations and comments. 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.

Yours sincerely,

*Jane Olds*

Jane Olds  
Internal Auditor