

Item 22 Appendix 6	Internal Audit Report
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## 1 Introduction/Background

Each year Parish Councils are required to be audited by both an internal and external audit. The external audit papers have been submitted to PKF Littlejohn and the outcome is awaited.

The purpose of this report is to receive and consider the Internal Audit Report which should be read in full and Councillors are encouraged to raise any queries and make comments as relevant. The Clerk has reviewed as follows:

## 2 Internal Audit Report

Appendix A is the report compiled by Mr T Gill. His comments highlighting in **green**, the Clerk reports as being/will be undertaken. Proposal(s) in respect of those highlighted in **turquoise** are extracted and included in Section 3 below. Those highlighted in **red** have been extracted and included in Section 4 below and require discussion as to how to progress or otherwise.

## 3 Proposal in Respect of Items Highlighted in **Turquoise**

- a) **The National Association of Local Councils, (“NALC”) regularly update policies and advice which in turn leads to the need for changes to adopted documents. It is recommended that on the front page of each document an update schedule is included. This will enable anyone reading the document to easily identify when it was last updated, but more importantly will enable readers to be sure that the document has been updated in line with then latest advice.**

The Clerk proposes that the following is inserted and maintained/published on all of the Governance Documents (as listed on [www.ettington.org](http://www.ettington.org)).

Version	N
Adopted	DD/MM/YY
Revised and approved at Parish Council Meeting held on	Dd/mm/yy
Revised and approved at Parish Council Meeting held on	Dd/mm/yy
In line with NALC Guidance	Include NALC Guidance Number or state Not Applicable and give reason for update and date of meeting at which revision agreed).

In line with guidance Ettington Parish Council reviews and readopts all its policies and procedures (as listed at [www.ettington.org/policies](http://www.ettington.org/policies)) annually in May and the year of review is included in the heading on that page of the site. This table is completed only upon change to documentation.

- b) The financial accounting package includes a bank reconciliation process a reconciliation process which enables the bank accounts to be reconciled on a regular basis. This is reviewed on a regular basis by the Responsible Financial Officer. It is recommended that at least quarterly the councillor responsible for Finance confirms that the bank reconciliation report has been reviewed and that this recorded in the minutes.

A system of checking monthly bank reconciliations has been adopted. The Clerk proposes that a section be included in the finance report, on a quarterly basis, to formally recognise this.

#### 4 Points to discuss:

- a) It is noted that there is no formally adopted Emergency Plan and is recommended that, as this is an important document in the unlikely event that there is an emergency, the Council originate and adopt a formal plan.
- b) It is pleasing to note that procedures are in place for a system of checking the playground equipment and benches. It recommended that the receipt of verbal confirmation of the checks being made a record is maintained in the meeting minutes. This formality will ensure that in the unlikely event of an issue with the equipment reference to written record in the minutes is available.
- c) However, it might be prudent for a councillor to familiarise themselves with the processes and submissions as the clerk / RFO is the processor and also the beneficiary.

# **Internal Audit**

**Ettington Parish Council**

**Year Ended 31 March 2021**

**Internal Auditor: Trevor B Gill**

Friday, 16 July 2021

## **Basis of the Report**

This internal audit report is based upon the Joint Panel on Accountability and Governance Practitioners' Guide Section 4 Non-Statutory Guidance for Internal Audit issued in March 2020

The scope of this internal audit is focused on assessing the effectiveness of the Council's internal controls. Where any such controls are found to be deficient, the internal audit will help lead to improvements in these processes.

By applying the principles of internal auditing, outlined in the current Accounts and Audit Regulations, and applying the approach to internal audit and testing outlined in paragraph 1 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.

**NB: It would be incorrect to view the internal audit as the detailed inspection of all records and transactions of the Council to detect 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 the day-to-day function of the staff and councillors and not left for internal audit.**

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## **Introduction**

The audit was undertaken during March, April, and May 2021. Due to Central Government restrictions in respect of social distancing, travel restrictions and other coronavirus guidelines, the audit has been conducted by email, remote meetings, and telephone conversations.

Where it was not possible or practical to review documents, invoices, receipts, or registers these can be reviewed, if deemed necessary or advisable by either the Council, the Clerk / Responsible Financial Officer, (“RFO”) or if specifically requested by a member of the public once the current government restrictions are relaxed and it is deemed safe to do so. However, based upon all of reviews in my opinion this review, if requested, is unlikely uncover any major issues.

For detailed information regarding each section of the audit please refer to Appendix 1

## **Section 1 – Bookkeeping**

Ettington Parish Council uses the Alpha Accounting software package supplied by Rialtas Business Solutions Limited, Unit 5, Uffcott Enterprise Park, Uffcott, Swindon, SN4 9NB which is specifically designed for smaller Town and Parish Councils. The package provides the necessary accounting, budgetary and VAT reclaim functionality required by Parish Councils.

It is used to enable the accurate and timely submission of the VAT returns and enables regular reporting to the Parish Council including payments and receipts schedules and expenditure against budgets. The clerk / RFO has an excellent working knowledge of the functionality, controls and reporting available.

All receipts and payments were properly accounted for and were reflected in the accounting system and the bank accounts in an accurate and timely manner. The RFO has an excellent working knowledge of the functionality and reporting provided by the Alpha Accounting package.

1. A transaction level report has been produced by budget category and this has been reviewed in detail and no anomalies were found
2. A random sample of the transactions were cross referenced to the minutes and no concerns were raised
3. It was not practical to physically review invoices or receipts due to the coronavirus restrictions
4. The VAT returns have been submitted in an accurate timely manner.
5. Section 137 expenditure was properly approved and recorded. The total expenditure under this category was within the legal limits.

## **Section 2 - Due Process**

### **Standing Orders**

A review of the standing orders is undertaken on an annual basis and a review of these documents raised no issues or concerns.

It is noted that there is no formally adopted Emergency Plan and is recommended that, as this is an important document in the unlikely event that there is an emergency, the Council originate and adopt a formal plan.

The National Association of Local Councils, (“NALC”) regularly update policies and advice which in turn leads to the need for changes to adopted documents. It is recommended that on the front page of each document an update schedule is included. This will enable anyone reading the document to easily identify when it was last updated, but more importantly will enable readers to be sure that the document has been updated in line with then latest advice.

## **Agendas**

A review noted that all agendas were properly issued signed and dated. I have also noted that when the meetings were held remotely, the joining instructions were included in the agenda.

## **Minutes**

A review of the minutes noted that all minutes for the Parish Council meetings were properly issued and accepted in the appropriate meeting.

It was not possible to review the paper records relating to the minutes, but it is assumed that the documents are properly signed as accurate minutes and that the finance sheets including payments authorisations and bank balance checks have been properly confirmed.

## **Section 3 - Risk Management**

A review of the risk assessment shows that the risks are well understood, and the controls identified are as would be expected.

It is pleasing to note that procedures are in place for a system of checking the playground equipment and benches. It recommended that the receipt of verbal confirmation of the checks being made a record is maintained in the meeting minutes. This formality will ensure that in the unlikely event of an issue with the equipment reference to written record in the minutes is available.

## **Section 4 – Budget and Precept**

It was noted that the process for setting the budget is robust and that regular monitoring of the finances against the agreed budget takes place.

## **Section 5 – Payroll Clerk**

A review of the process and procedures adopted shows that the process is well understood by the RFO and all returns are submitted on time and in an accurate manner. It is noted that the salary and pension payments are properly noted in the minutes

However, it might be prudent for a councillor to familiarise themselves with the processes and submissions as the clerk / RFO is the processor and also the beneficiary.

## **Section 6 – Payroll Other**

A review of the items under this section revealed no issues.

## **Section 7 – Asset Control**

It was noted that the assets register is properly maintained and the insurance cover is reviewed on an annual basis to coincide with the renewal of the policy.

## **Section 8 – Bank Reconciliation**

The financial accounting package includes a bank reconciliation process a reconciliation process which enables the bank accounts to be reconciled on a regular basis. This is reviewed on a regular basis by the Responsible Financial Officer. It is recommended that at least quarterly the councillor responsible for Finance confirms that the bank reconciliation report has been reviewed and that this recorded in the minutes.

## **Section 9 - Year End Procedures**

The year end procedures and reporting were reviewed and no issues were found. It is worthy of note that the software package used provides reporting to support the year end requirements thus reducing the risk of errors being made.

The bank reconciliations and AGAR reporting were reviewed and no issues were found.

## **Section 10 – Miscellaneous**

A review of the miscellaneous item found no issues or concerns.

## **Section 11 – Charities**

Not applicable

## **Section 12 – Burial Authorities**

Not applicable

## **Section 13 – Income Control**

All income is properly controlled and recorded in the accounts within very acceptable timescales.

## **Section 14 – Petty Cash**

This is not applicable and the necessary letter has been provided for the AGAR reporting requirements

## **Section 15 - Parish Website**

Ettington Parish Council has commissioned a new website which not only covers the needs of the Parish Council but also includes information on the location and the various clubs and societies within the village The Council is to be commended for both the content and 'look and feel' of the new website.

The accessibility requirements covered the need for the website to be easy to navigate by all levels of understanding and capabilities and the website does in my opinion meet these requirements.

A small but important recommendation is that for all files that are uploaded that relate to Parish Council business is that it would be good practice to upload all documents to the website in pdf format. This will considerably reduce the risk of files in other formats being downloaded and amended. Files in formats other than pdf are much more difficult to view in browsers and this could lead to issues under the accessibility requirements.

The requirement relating to the publication of information as required by the Transparency Code for Small Authorities with an annual turnover not exceeding £25,000 is not applicable. The appropriate letter has been issued. However, it should be noted that Ettington Parish Council publishes all of the information that is required under this code.

## **Conclusion**

Thank you for inviting me to undertake the Internal Audit for Ettington Parish Council.

Whilst reviewing the processes, documentation and finances it is very apparent that the affairs of the Parish Council are in very safe hands. Sarah has a very high standard of documentation and fully understands the

governance and financial requirements associated with Parish Councils. She is to be commended for the way in which she supports the needs of the Parish Council.

As in previous years the section relating to petty cash in the AGAR Return Part 3 item F has been duly marked as not covered. This does not imply anything untoward regarding the Parish Council accounts, rather this is a response required by the external auditor and in the case of Ettington Parish Council it means that there is no petty cash. A letter covering this item has been provided in accordance with the external audit requirements.

This concludes the audit.

Trevor B Gill