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2022/23 Internal Audit Report for Appleton with Eaton Parish Council

From Jane Olds – Internal Auditor

I reviewed the documents provided and met with the Clerk, Allison Leigh, on 9 May via Zoom and finalised the information on 10 May.

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.

Annual Return Section	Process	Findings	Recommendations and actions
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 adequate Internal Control provision including a Councillor Responsible for Internal Financial Control.	Adopt a policy and a check sheet for internal control.
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 23 May 2022 and has been published.	Ensure that the Risk Assessment is reviewed annually – preferably at the beginning of the Council year.
D	Budgetary Controls (Precept requirement)	The annual Precept requirement resulted from an adequate budgetary process.	No further recommendations.
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.	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 received and properly recorded.	The sports field income procedure should be reviewed.
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.

Annual Return Section	Process	Findings	Recommendations and actions
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 been thoroughly reviewed and now holds a much more realistic recording of all material Assets. The correct basis of valuation has been applied.	No further recommendations.
H	Asset Controls - all additions and removals correctly recorded	No additions have been made.	No further recommendations.
H	Asset Controls - all Deeds and Titles established and shown on register?	The Title numbers are not included on the Register.	Add the Title numbers.
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.
M	Exercise of Public Rights	The Parish Council published the exercise of public rights notice on the website and noticeboard with the following dates: 7 June to 18 July.	No further recommendations.
N	AGAR publication Requirements	The Parish Council complied with the publication requirements for the 2021/22 AGAR.	No further recommendations.

Annual Return Section	Process	Findings	Recommendations and actions
O	Trust funds (If applicable) – the Council met its responsibilities as a trustee	It has been established that the Parish Council operates as a Custodian Trustee. No accounts are held and no returns are necessary.	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 been reviewed the previous year.	No further recommendations.
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: Council should have answered no to Box 7 of Section 1 regarding the asset register as not all matters from Internal and External Audit had been taken into account. Confusion about the Trustee responsibilities.	Ensure that the Council takes note of reports and responds to the Annual Governance Statement accordingly in future. Now resolved.
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.
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.		

Process	Criteria	Findings	Recommendations and actions
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	Not currently available.	Good practice to publish.
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 should be supported in training and her completion of CiLCA (Certificate in Local Council Administration) which 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. Investment in staff is essential, particularly as the Council should recognise that a qualified professional Clerk is the Council's main asset.

The Council may also support the Clerk's attendance at SLCC conferences as part of professional development.

The Councillors should continue to be encouraged to take up the training offered by the local County Association to increase their knowledge. I recommend including a regular agenda item and budget for training.

Local Council Administration (CAB)

As mentioned in OALC's updates last autumn, it is recommended that all Councils hold a reasonably up-to-date version of Local Council Administration (formerly known as Charles Arnold Baker after the first author). The Council's copy is the 10th Edition. As the 13th Edition has recently been published, I recommend investing in a new copy. A discount can be obtained from the SLCC Bookshop or via NALC.

Internal Financial Control 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 and this responsibility should not be taken lightly. The Council has appointed a Councillor Responsible for Internal Financial Control – which is welcomed – but an Internal Financial Control policy and checklist should be adopted to assist the Councillor.

Accounts and Sportsfield Management

There is some uncertainty about the sports field income as the Clerk does not currently issue the invoices (which are in the Parish Council's name) or have control over the management of the bookings. As this has financial implications, the Council should consider the best way for the Clerk to manage the income.

It may be that an accounts package such as Scribe could be implemented to run both the Council's accounts and the sportsfield income.

Councillor Email Accounts

As part of GDPR, it is recommended that all Councillors should use the email addresses provided for them by the Council – usually from the Council's domain name.

IT Equipment

The Council should provide the Clerk with appropriate IT equipment. A budget for a replacement laptop should be considered as the current one is unlikely to be able to upgrade to Windows 11. Windows 10 support goes 'end of life' in October 2025.

Furthermore, the Council should consider providing the Clerk with a mobile smartphone in order that her personal numbers are not publicly available, and all 2 factor authentication needs can be contained on Parish Council-owned equipment.

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 the Parish Council and I recommend that the Council fully reviews the internal audit provision for the year 2023/24.

Appleton with Eaton Parish Council has an electorate in the region of 760 and the Precept for the year 22/23 was set at £29,000.

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