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## 2022/23 Internal Audit Report for Duns Tew Parish Council

From Jane Olds – Internal Auditor

I reviewed the documents provided and met with the Clerk, Jean Ralfe, on 8 May via Zoom and finalised the information the same day.

### **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).

<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	<p>The Council's Financial Regulations have been met in that appropriate authorisations have been given for each level of expenditure.</p> <p>Payments were supported by invoices, and expenditure was approved and VAT appropriately accounted for.</p>	No further recommendations.
C	Review of Internal Controls	The Council has adequate Internal Control provision including a policy and a Councillor Responsible for Internal Financial Control.	No further recommendations.
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 16 May 2022 and has been published.	<p>Ensure that the Risk Assessment is reviewed and updated annually – preferably at the beginning of the Financial Year in order that it can be used as a working document throughout the year.</p> <p>JPAG recommendations should be used (currently starting at 5.89 and criteria 5.91).</p> <p>The SLCC has a template document in the Advice section which the Council may find useful to use to ensure that all points are covered.</p>
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 accounted for.	A review of the earmarked reserves and a policy should be adopted.

<b>Annual Return Section</b>	<b>Process</b>	<b>Findings</b>	<b>Recommendations and actions</b>
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.
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.
G	Payroll controls	Salaries to employees were paid in accordance with Council approvals.	The Council should ensure that the appropriate tax codes are being implemented for staff.
H	Asset Controls - all material assets correctly recorded	The current asset register has correctly recorded all material Assets. The correct basis of valuation has been applied.	Include the purchase date of the items in the Asset Register.
H	Asset Controls - all additions and removals 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?	No land or property is owned.	No further recommendations.
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.

Annual Return Section	Process	Findings	Recommendations and actions
M	Exercise of Public Rights	The Parish Council published the exercise of public rights notice on the website and noticeboard with the following dates: 6 June to 15 July.	No further recommendations.
N	AGAR publication Requirements	The Parish Council complied with the publication requirements for the 2021/22 AGAR.	No further recommendations.
O	Trust funds (If applicable) – the Council met its responsibilities as a trustee	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 had been reviewed the previous year.	No further recommendations.
External Audit recommendations have been considered and actioned.	Good Practice	<p>The Conclusion of Audit report had been received for 21/22 and had been published on the website.</p> <p>Findings: Risk Register not completed previous year and therefore the Council should have answered 'no' to Section 1, Assertion 5.</p> <p>Section 2 had not been signed by the Clerk.</p> <p>Trivial rounding error.</p>	<p>Ensure the Risk Assessment / Register is reviewed annually and the correct answer given.</p> <p>Ensure that Section 2 is signed by the Clerk prior to the meeting.</p>
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.

Process	Criteria	Findings	Recommendations and actions
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.		
Compliance with the Transparency Code	1) Expenditure over £100 is recorded on the Council website and with all information requirements	Available in the Minutes 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	Not currently available on the website.	Publish the document sent to the External Auditor.
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.	Publish on the website as part of the Asset Register.
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 Council should be congratulated on the training attended. I recommend that training is maintained as a regular agenda item and courses such as Employment, Roles and Responsibilities and Chairmanship are considered.

### Reserves

I recommend that the Council considers the earmarked reserves and agrees to adopt a full Reserves Policy which should be reviewed annually. Guidance can be found in the latest edition of JPAG.

## **Standing Orders and Financial Regulations**

The Standing Orders and Financial Regulations should be reviewed annually as per the Standing Orders. However, the Council may wish to review how often all the policies are reviewed. I recommend considering reviewing policies on a two-year rolling programme.

OALC sent out an update about the Standing Orders last spring and the Financial Regulations are currently under review by NALC.

## **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. As mentioned above, Employment training provided by OALC should be undertaken.

## **Email Accounts**

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

## **Website**

The Council should ensure that the website is kept up-to-date to comply with the Transparency Code – especially as the Council is only just over the £25,000 threshold. All documents published by the Parish Council must be easily accessible, and therefore they should be prepared in PDF format which it is not necessary to download.

## **Document Management**

I noted previously that many of the Parish Council Minute books are held in the village hall. 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 Council could set up a small working group to assist the Clerk to review all the documents at the hall using the Document Retention policy.

## **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.

Duns Tew Parish Council has an electorate in the region of 384 and the Precept for the year 22/23 was set at £24,000.

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