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## Internal Audit Report for Bledlow-Cum-Saunderton Parish Council

From Jane Olds – Internal Auditor

I reviewed the documents provided and met with the Clerk, Tracey Martin, on 21 March via Zoom and finalised the information on 10 April 2022.

### **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 2021 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 2021 – 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	Council has not assessed all the significant risks to achieving its objectives as there is no Risk Assessment.	The Risk Assessment – which should be reviewed annually, preferably at the beginning of the financial year – should be used as a working document throughout the year. The recommendations on how to produce a comprehensive RA are published in JPAG.
D	Budgetary Controls (Precept requirement)	The annual Precept requirement resulted from an adequate budgetary process.	While all was considered at a meeting, both the draft budget amount and the Precept amount should be agreed and Minuted by Full Council.
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?	No additions were made.	No further recommendations.
H	Asset Controls - all Deeds and Titles established and shown on register?	Deeds and Titles are not shown on the Register.	Add the Title registration number to the asset register of the church wall, if there is one.
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 on the website and noticeboard.	I recommend that the notice is posted on the noticeboard, published in the Finance section of the website, and that the dates are noted and Minuted prior to publication.  Please note that the earliest date for 21/22 is 1 June due to the Jubilee bank holiday.
N	AGAR Publication Requirements	The Parish Council complied with the publication requirements for the 2020/21 AGAR.	No further recommendations.
O	Trust Funds (If applicable)	The Parish Council does not operate as a Trustee.	No further recommendations.

### 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	The Internal Audit had been reviewed the previous year.	No further recommendations.

<b>Process</b>	<b>Criteria</b>	<b>Findings</b>	<b>Recommendations and actions</b>
External Audit recommendations have been considered and actioned.	Good Practice	The Conclusion of Audit report had been received for 20/21 and had been published on the website.  Findings: Ensure that the Minute references are correct on the form.	Ensure the Minute references are correct.
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	Available on the website.	No further recommendations.
Compliance with the Transparency Act	2) Annual Return published on the Web-Site	No further recommendations.	No further recommendations.
Compliance with the Transparency Act	3) Explanation of significant variances	No further recommendations.	No further recommendations.
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	Available on the website.	No further recommendations.
Compliance with the Transparency Act	6) Internal Audit Report Published	Available on the website.	No further recommendations.
Compliance with the Transparency Act	7) A List of Councillors' responsibilities	Available on the website.	No further recommendations.
Compliance with the Transparency Act	8) Details of Public Land and Building Assets	Available on the website.	No further recommendations.

Process	Criteria	Findings	Recommendations and actions
Compliance with the Transparency Act	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 and the Councillors should be encouraged to take up the training offered by the local County Association and SLCC to increase their knowledge and expand the Clerk's professional development. I recommend including a regular item on the agenda and budget for training.

### **Budget Setting**

I should like to see more significance made of the budget and precept setting. The overall budget total should be minuted and a draft budget published for consideration. Having the budget amount minuted helps to clarify the Precept amount required.

### **Reserves**

I noted that the Council had fairly significant reserves but that much of these were not currently earmarked for specific projects. I strongly recommend that much of the general reserve is allocated to earmarked reserves as, moving forward, the Council could find it difficult to justify the Precept with the current levels. Advice on allocating reserves is published in the Joint Practitioners Guide (from Section 5.30).

### **Payments**

I noted that quite a few of the invoices I reviewed did not have formal minute references because they were described as 'long term' or 'recurring charges'. I recommend that long term agreements and recurring charges – such as the bin emptying or the grass cutting – should be reviewed at least every three years, particularly to ensure that the Council is obtaining best value for money.

I further recommend that other payments such as the annual subscriptions should be included in a list of regular expenditure which should be agreed at the April meeting for the new financial year.

### **Risk Assessment**

It was noted that the Council had not adopted a Financial Risk Assessment which is part of the Internal Financial Controls requirement. Guidance on what to include in a Financial Risk Assessment is available in the latest edition of the Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide (from Section 5.84).

### **Assets**

The Parish Council assets should be inspected for risk and the condition minuted at least annually. This should be a project for the entire Council.

## **GDPR and Document Management**

In our discussions, I noted that the Clerk is in possession of many of the Parish Council Minute books and other records. As these Minute 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. A review of other documents, both paper and electronic, should also be undertaken following adoption of a Document Retention policy.

A data protection policy should also be considered.

## **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. Employment training provided by the County Association should be undertaken.

## **Working from Home Allowance**

The Clerk is entitled to the Working from Home Allowance, particularly as the Council does not incur the costs of a Parish Office. I recommend that the Council budgets to pay the Clerk for the full – HMRC agreed – £6 per week. Advice should be sought from the payroll company about whether the allowance is part of the Clerk's tax code or paid separately.

## **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.

Bledlow-Cum-Saunderton Parish Council has an electorate in the region of 2,031 and the Precept for the year 21/22 was set at £18,840.

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