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

2023/24 Internal Audit Report for Tetsworth Parish Council

From Jane Olds – Internal Auditor

I reviewed the documents provided and met with the Chair, Paul Carr, on 20 May via Zoom and finalised the information the same day.

BASIS OF REPORT

This internal audit report is based upon the Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide in England 2023 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: (JPAG) Practitioners' Guide 2023 – 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 maintained with audit trails.	Ensure that agreement to spend is minuted fully (see below).

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 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 11 September 2023 and has been published.	No further recommendations.
D	Budgetary Controls (Precept requirement)	The annual Precept requirement resulted from a budgetary process.	Minute the budget amount as well as the Precept amount.
D	Budgetary Controls (Budget monitoring)	Progress against the budget was monitored regularly.	Minute the information regularly.
D	Reserves were appropriate	Reserves were adequately accounted for.	Devise a Reserves Policy.
D	The final outturn is in line with expectations	The final outturn was materially in line with expectations.	Minute the budget amount as well as the Precept amount.
E	Income controls	Expected income was fully received but should be properly recorded in the Minutes.	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.	No further recommendations.

Annual Return Section	Process	Findings	Recommendations and actions
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.	No further recommendations.
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?	Deeds and Titles should be shown on the Register.	Publish the registration numbers on the Asset Register.
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: 5 June to 14 July 2023.	Minute the dates as part of the year end process.
N	AGAR publication Requirements	The Parish Council complied with the publication requirements for the 2022/23 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	The Conclusion of Audit report had been received for 22/23 and had been published on the website.	Take account of External Auditor recommendations when completing this year's form.
		Findings: Section 1, Assertion 5, should have been recorded as 'no'	
		Section 2, Box 11, both parts should be completed.	
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.		
Compliance with the Transparency Code	1) Expenditure over £100 is recorded on the Council website and with all information requirements	Not currently available, but payment information is included in the minutes.	Good practice to publish.
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.	Good practice to publish.
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.

Process	Criteria	Findings	Recommendations and actions
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	Available on the Asset Register.	Include the Registry Numbers on the Asset Register and on the website.
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 Councillors should be congratulated on the courses attended over the year and encouraged to take up further training offered by OALC and SLCC to increase their knowledge. The new Clerk should be encouraged to expand their professional development by undertaking ILCA / FILCA and in due course CiLCA. I recommend maintaining the regular agenda item and budget for training.

Agreement to purchase resources such as the latest – 13th – edition of the 'yellow book' *Local Council Administration* should also be considered.

Reserves

I note that the Council has earmarked reserves. As recommended last year, a policy to explain why the Council holds reserves together with the amounts would aid community engagement.

Minutes and Decision Making

On reviewing the Minutes and approval of expenditure, it was noted that a number of the approvals were not explicit and did not contain enough detail which would assure the Council that they had made correct purchases.

Ensure that the Minute reference includes the item for purchase, the company / organisation name of the provider and the amount of the order exclusive of VAT.

Financial Regulations and Standing Orders

New Financial Regulations have recently been published by NALC. I recommend taking time to review and compare them with the current version.

I also recommend that the new Clerk reviews the Standing Orders against the model document provided by NALC / OALC.

Insurance

As with all contracts, I recommend that the insurance is reviewed next year as the provider does not appear to have been fully reviewed in the last few years.

Banking Provision

The Council should review its banking provision and consider whether it would be prudent to hold an additional deposit account to take advantage of the higher interest rates (even with the planned expenditure on the play area during 24/25, this would be of benefit).

Document Management, Email and GDPR

It is good to see that the Council has registered with the Information Commissioner.

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

The Council (as well as the Clerk) should be aware of its responsibilities regarding GDPR. I recommend that all Councillors regularly refresh their understanding using the GDPR awareness checklist which is available in the Advice section of the SLCC website.

Website and Gov.uk domains

The current domain name is a .co.uk domain. The Cabinet Office is currently promoting the adoption of .gov.uk domain names for all parish and town councils. According to Nominet, the UK registrar, .co.uk is for companies and .org.uk is for charities, neither of which, the Parish Council could be considered.

The Smaller Helper Domain Service was created by the Cabinet Office to help parish and town councils transfer over to .gov.uk and currently has a grant of £100 to pay for the first year’s domain registration. As the current website is a number of years old, and the provision should be reviewed any way, I recommend that a review of the website provision is undertaken and consideration given to the transfer to a .gov.uk domain. More information about the project can be found at <https://www.slcc.co.uk/funding-2024-25-moving-to-a-gov-uk-domain/>

Chair and Clerk

I note that the Chair had been completing some of the Council’s administrative tasks due to the absence of the Clerk. The Council must be mindful of the Practitioners’ Guide reference 5.11 of the latest edition.

Conclusion

The above are recommendations to help the Council improve its processes and in no way detract from the work it has already done.

Tetsworth Parish Council has an electorate in the region of 615 and the Precept for the year 23/24 was set at £29,226.

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