

12 April 2021

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

## Internal Audit Report for Sandford St Martin Parish Council

From Jane Olds – Internal Auditor

I reviewed the documents provided and met with the Clerk, Anne Ogilvie, on 31 March via Zoom. I then finalised my review on 12 April.

### **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 2020 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 2020 – 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	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	I have noted that Council has assessed the significant risks to achieving its objectives using their Risk Assessment and have seen the document.	The Risk Management Assessment is good.  However, the Council should review and update it annually using the JPAG recommendations (2020 version - starting at 5.89 and criteria 5.91) and publish it on the website.
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	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 have been made.	No further recommendations.
H	Asset Controls - all Deeds and Titles established and shown on register?	Deeds and Titles are still to be investigated and finalised.	Once investigation is complete, the titles should be published.
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 meets the exemption criteria.	No further recommendations.
L	Information published on website	The information is fully 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 published in the Finance section of the website as well as posted on the noticeboard and that the dates are agreed and Minuted prior to publication.
N	AGAR Publication Requirements	The Parish Council complied with the publication requirements for the 2019/20 AGAR.	No further recommendations.
M	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.
External Audit recommendations have	Good Practice	The Conclusion of Audit report had been received for 19/20 and	No further recommendations.

<b>Process</b>	<b>Criteria</b>	<b>Findings</b>	<b>Recommendations and actions</b>
been considered and actioned.		had been published on the website.	
Qualifications made, if any have been addressed in 2019/20.	Good Practice	None were made.	No further recommendations.
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.	
Compliance with the Transparency Act	As the Parish falls into the criteria for Councils below the £25k threshold, it must conform to the criteria and publish the items below.		
Compliance with the Transparency Act	1) Expenditure over £100 is recorded on the Council Web-Site and with all information requirements	Compliant	No further recommendations.
Compliance with the Transparency Act	2) Annual Return published on the Web-Site	The 2019/20 Annual Return is available.	No further recommendations.
Compliance with the Transparency Act	3) Explanation of significant variances	Available on the website.	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	Still to be finalised.	Finalise as soon as possible.
Compliance with the Transparency Act	9) Minutes & Agenda	Available on the website.	No further recommendations.

**Further comments:**

Following the completion of the Internal Audit, I strongly recommend that the Council completes a review of effectiveness. A blank form can be supplied.

The Clerk should be congratulated on her achievement at passing the professional CiLCA qualification. The Council should recognise the qualification and welcome the General Power of Competence capability.

The Councillors should be encouraged to take up the training offered by the local County Association to increase their knowledge and competence. OALC's Roles and Responsibilities, Finance for Councillors and the Employing Staff courses are highly recommended.

The Council should be congratulated on the way it has embraced and implemented the changes which have been suggested. The budget has been well presented and the necessary expenditure should be apparent to residents.

I realise that the review of the banking mandate has been put in abeyance because of the current COVID situation, but as soon as it is possible, I strongly recommend making the necessary adjustments to the bank account.

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.

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