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2023/24 Internal Audit Report for Longwick cum Ilmer

From Jane Olds – Internal Auditor

I reviewed the documents provided and met with the Clerk, Tracey Martin, on 29 April via Zoom and finalised the information on 26 May.

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.	See below.

Annual Return Section	Process	Findings	Recommendations and actions
B	Council's Financial Regulations have been met with regard to expenditure	<p>The Council's Financial Regulations have been met in part.</p> <p>Payments were supported by invoices, and VAT appropriately accounted for.</p> <p>However, it does not appear that all expenditure was approved at a meeting.</p>	See below.
C	Review of Internal Controls	The Council has 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 2023 and has been published.	No further recommendations.
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.	A policy with itemised amounts should be devised for clarification.
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 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.	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 are not currently shown on the Register.	Establish the Title registration details and include on the Register.
H	Investment Registers	Investments are listed, but no strategy was available.	As the Council has investments of well over £100k, JPAG recommends an investment strategy.
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 fully 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.	No further recommendations.
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. Findings: None	No further recommendations.
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	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	Available on the website.	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.

Process	Criteria	Findings	Recommendations and actions
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	The land is published on the Asset Register, but the Registration Number needs to be included.	Ascertain the Registration Number.
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 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 agenda item and budget for training.

Payments

As last year, I noted that some of the invoices I reviewed did not have a formal minute reference when the agreement to undertake the work or make the purchase had been made.

All decisions **must** have their own agenda item and, therefore Minute reference (see Minutes recommendation below); furthermore, expenditure for items such as 'play in the park' or the speed data collection must be considered at a meeting and not informally between meetings.

There is no provision within Parish Council legislation for making decisions by email.

All agreed decisions should include the details of the contractor/supplier, the details of the work / item together with the expected cost.

Long term agreements – such as the dog bin emptying, the grass cutting, or the website provision – should be reviewed and formally minuted at least every three years, particularly to ensure that the Council is obtaining best value for money.

The bank authorisers are appointed to act on the Council's decision to make payments. Once the Council has agreed that the payments are acceptable at a meeting, it is for the authorisers to follow those instructions and make arrangements for authorisation. The authorisers do not have the authority to veto making a payment unless it does not correlate with the information provided to the meeting.

Finance and Budget Discussion

I noted that the budget discussion was not held in public. The Council must be careful about not making decisions during the informal budget discussion and the final budget discussion must not be confidential.

Minutes

I recommend that Minutes include resolutions and more factual detail about those resolutions. A general format along the lines of “The Council **RESOLVED** to agree to engage [contractor name] to undertake xx at a total cost of £xx” would be helpful to see.

It is useful to have the word “resolved” in bold and capital letters as this then indicates that the Council has made a formal decision.

Investment Strategy

As mentioned last year, as the Council has investments of significantly more than £100k, it is recommended that an Investment Strategy is adopted. See the Practitioners’ Guide / JPAG sections 1.11, 4.20 and 5.28 for more information.

Council Corporate Responsibility

Again, as mentioned last year, while the Council has corporate responsibility and accountability, Councillors should be reminded that they have **NO** individual decision-making powers. The current Standing Orders outline the restrictions on Councillor activities; this includes not issuing orders, instructions or directions, or inspecting land or premises without being duly authorised by the Council.

The only person who has authority is the Clerk as Proper Officer. This includes placing orders, arranging payments and discussions with contractors on behalf of the Council.

Website

The current domain name is a .org.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 anyway, 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/>

CCTV and GDPR

The Council (as well as the Clerk) should be aware of its responsibilities regarding GDPR. This includes the use of email and the use of the CCTV recordings. 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.

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.

Longwick cum Ilmer Parish Council has an electorate in the region of 1407 and the Precept for the year 23/24 was set at £34,583.

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