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2023/24 Internal Audit Report for Kimble Parish Council

From Jane Olds – Internal Auditor

I reviewed the documents provided and met with the Clerk, Pauline McBride, on 20 April via Zoom and finalised the information on 20 April 2024.

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 well maintained with sound audit trails.	No further recommendations.

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, 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 comprehensive Risk Assessment; the document was adopted at a meeting on 10 May 2023 and has been published.	Consider all financial risks including the possibility of an election or the loss of Councillors to make the Council inquorate. Practitioners' Guide recommendations should be used (currently starting at 5.89 and criteria 5.97).
D	Budgetary Controls (Precept requirement)	The annual Precept requirement resulted from an adequate budgetary process and the November 23 minutes indicate that recommendations from the previous year have been actioned.	No further recommendations.
D	Budgetary Controls (Budget monitoring)	Progress against the budget was monitored and minuted regularly.	Publish the quarterly budget monitoring sheets.
D	Reserves were appropriate	Reserves were adequately accounted for.	Suggest an additional reserve for the potential for an election.
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.

Annual Return Section	Process	Findings	Recommendations and actions
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.
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 and removals 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?	All appropriate Deeds and Titles have been established and are shown on the Register.	No further recommendations.
H	Investment Registers	No investment register was available.	An investment register and strategy should be devised as the Council now holds more than £100,000. See Practitioners' Guide sections 1.11, 4.21 and 5.29
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.	See below for recommendations about the website.

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: 9 June to 20 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.		

Process	Criteria	Findings	Recommendations and actions
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	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	Available on the website.	No further recommendations.
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.

It was good to note that the Clerk had undertaken ILCA and hoped to take FILCA in the summer.

Staff Salary and Appraisal

I have noted that the Clerk's current salary is not linked to the NJC salary scales which are published by NALC / SLCC and circulated by BMKALC. I recommend that the Council reviews the salary and scales in line with the publication. As the cost of living increase is calculated nationally, it should help to guide the Council.

As an employer, the Council should consider the NALC publication *The Good Councillor's Guide to Employment* and attend training. This will give guidance on conducting the Clerk's appraisal which should be undertaken annually.

Banking and Investments

It was good to read that the Lloyds bank arrangements had finally been sorted. As the Council now holds more than £100,000 including the CIL funds, the Councils should consider devising an investment strategy. A model document is available in the advice section of the SLCC website.

Finance Reports

I recommend that the Council includes a financial report as part of the regular meeting agenda. This should include the state of the bank accounts (amounts in the bank accounts as per the statements), any outstanding payments, any standing order or direct debit transactions together with any income received. All the information can then be included in the Minutes.

I also recommend that the Council receives a budget monitoring report of actual expenditure over budget at least quarterly in order that the Council is able to ensure expenditure is on track. It is good practice to publish the report as part of the meeting papers.

Minutes and Decision Making

Minutes need to include resolutions and more factual detail about those resolutions.

For example, the minute reference 83 regarding the decision to use Playspace Solutions for the playground inspection and the replacement bollard works could have benefitted from more clarity. For the future, I would recommend that the proposal was broken down into sections – firstly the inspection, secondly the remedial action for the bollards and finally the note about the broken slide and the remedial action.

A text along the lines of "The Council **RESOLVED** to agree to engage [contractor name] to undertake the playground inspection at a total cost of £xx".

Then, "The Council **RESOLVED** to agree to [xx contractor] undertaking the work to remove the damaged bollards and replace at a cost of £xxx".

And finally, "The Council **RESOLVED** to note the report of the broken slide. It would be reported to the insurance company and considered further at a future meeting."

It is useful to have the word "resolved" in bold and caps as this then indicates that the Council has made a formal decision.

There are still some 'regular payments' which have not been reviewed. The contracts for the website hosting and the litter picking should be reviewed at least every three years to ensure that the Council is obtaining best value for money and to ensure that the contractor is still fit for purpose. The approval of the contracts should be formally minuted with the name of the contractor and the amount of the contract.

I noted that some items in the correspondence part of the minutes, would have been better to have been included as separate agenda items. This avoids the possibility of decisions being made under items of correspondence.

Website

The current domain name is a .org 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 or .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 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/>

Civility and Respect Pledge

I noted that the Council has not yet signed up to the Civility and Respect pledge. This has been developed by NALC, SLCC and One Voice Wales. It is designed as a starting point to encourage all Councils – regardless of size – to be civil and respectful to all, but it also has advice and assistance which can be used should any member fall short of the pledge. While the current Council is well-run and amicable, it is not known what will happen in the future.

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.

Kimble Parish Council has an electorate in the region of 846 and the Precept for the year 23/24 was set at £42,000.

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