

# Internal Audit

## Swerford Parish Council

Year Ending 31 March 2021

Internal Auditor: Lisa Wilkinson

## Summary Checklist Report

This internal audit report is based upon the Association of Local Councils recommended checklist, in conjunction with the JPAG Guide to Governance and Accountability for Smaller Authorities.

## Internal Audit Report for Swerford Parish Council

Year Ending: 31 March 2021

<b>Name of Council</b>	<b>Swerford Parish Council</b>	<b>Name of Clerk to the Council</b>	William Haddon
<b>No. of Councillors</b>	5	<b>Name of RFO</b>	Gavin Strachan
<b>Quorum</b>	3	<b>Precept (for audit year)</b>	<b>£3,183</b>
<b>Electorate</b>	130	<b>Gross budgeted income</b>	<b>£3183</b>

1. Book-Keeping			Comments & Recommendations
1.1	Ledger maintained & up to date?	Yes	The accounts are kept on an Excel spreadsheet and broken down into codes. They were balanced and up to date for Year end. <b>Recommend</b> that a code is added for capital expenditure. This would then inform the asset register.
1.2	Arithmetic correct?	Yes	Checks of the accounting system (Excel) confirmed that the cashbook arithmetic is correct.
1.3	Evidence of internal control?	Yes	<ul style="list-style-type: none"> <li>• Internal audit</li> <li>• Risk assessment policy</li> <li>• Risk management schedule</li> <li>• Budgetary control and monitoring</li> <li>• Bank reconciliation</li> </ul>
1.4	VAT evidence, recording and reclaimed?	Yes	The Council is able to recover VAT for non-business activities. The last claim received was £255.59 in August 2019. <b>Recommend</b> that VAT is claimed annually.
1.5	Payments in the ledger supported by invoices, authorised & minuted?	Yes No	See detailed schedule in Compliance Testing Report. Payments are authorised but need to be listed in agendas and minutes.
1.6	Is GPC expenditure separately recorded and within statutory limits?	N/A	See S137 notes 3.8
1.7	Is GPC expenditure of direct benefit to the electorate?	N/A	

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2. Due Process			Comments & Recommendations
2.1	Standing Orders adopted since 2010?	Yes -	Standing Orders were reviewed and minuted in November 2020. <b>Recommend</b> under 4.1.1 'Proper practices" in standing orders refer to the most recent version of "Governance and Accountability for Local Councils – a Practitioners' Guide" is included.
2.2	Standing Orders reviewed at Annual Meeting?	Yes	Standing Orders, together with other key Council governance documents, were reviewed and approved at the November 2020 PC meeting.
2.3	Financial Regulations adopted?	Yes	The Financial Regulations were reviewed and minuted at the November 2020 meeting.
2.4	Financial Regulations properly tailored to Council?	Yes	The current Financial Regulations are based on the current NALC model Financial Regulations, adapted to suit the specific needs of the Council.
2.5	Equal Opportunities policy adopted?	No	
2.6	RFO appointed?	Yes	Gavin Strachan was appointed as RFO in 2018. This is an unpaid role.
2.7	List of member's interests held?	?	These can be found on request from the parish clerk. <b>Recommend</b> that these are posted on the Swerford website with a link from each councillor.
2.8	Agendas signed, informative and displayed with 3 clear days' notice?	Yes	The clerk prepares and signs the council meeting agenda, which lists matters for discussion and is posted on the Council's website and on main notice boards in the village three clear days in advance as required.
2.9	Schedule of meetings for the year published?	Yes	Published on website
2.9	Purchase orders raised for all expenditure?	Yes	Most orders for goods and services are made by or confirmed by email
2.10	Purchasing authority defined in Financial Regulations?	Yes	Standing Orders stipulate: <ul style="list-style-type: none"> <li>• £1- £ 499 minuted approval only</li> <li>• £500 - £1,999 minuted approval supported by two quotes</li> <li>• £2,000 - *(a) minuted approval supported by three quotes</li> <li>• *(a) above special consideration applies and advice to be taken from WODC as to best practice. (*(a) above refers to 50% of the Council's net liquid assets)</li> </ul>

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2.11	Legal powers identified in minutes and/or ledger?	No	Legal powers should be identified on each invoice with a specific minute for S137 expenditure.
2.12	Committee terms of reference exist and have been reviewed?	No	There are no committees.

3. Risk Management			Comments & Recommendations
3.1	Does a scan of the minutes identify any unusual financial activity?	No	Minutes are prepared for all meetings of the Council, which meets three times a year and are available to view on the Council's website. No unusual financial activity was found in the minutes reviewed. All financial transactions need to be noted in the agenda and minutes
3.2	Is an annual risk assessment carried out?	Yes	The Council has a formal risk assessment policy in place covering many of the areas of risk the Council may be faced with. The risk assessment policy is maintained by the Clerk and reviewed annually. Reviewed in November 2020.
3.3	Is Insurance cover appropriate and adequate?	Yes	The level and range of insurance cover (£10m public) appears to be adequate for the size of the Council.
3.4	Evidence of annual insurance review?	Yes	The insurance is renewed annually on 31 <sup>st</sup> May. Insurance cover is currently placed with brokers Came and Company. The Clerk undertakes a review of insurances prior to renewal to ensure that best value is obtained in respect of service levels and premiums.
3.5	Internal financial controls documented and evidenced?	Yes	Stipulated in the Standing Orders, Financial Regulations and Risk Management policy
	<b>Review of effectiveness of internal control</b>		The review should be designed to assure the authority that it has maintained the standards of an adequate and effective internal control of its risk management, control and governance processes. It should include an assessment of each of the following: <ul style="list-style-type: none"> <li>• the scope of internal control;</li> <li>• independence;</li> <li>• competence;</li> <li>• relationships with the clerk and the authority;</li> <li>• audit reporting.</li> </ul>
3.6	Minutes initialled, each page identified and overall signed?	Yes	Minutes of all Council meetings are signed by the chair of the meeting and kept in a minute book. <b>Recommend:</b> Each page of the minutes needs to be identified by a unique page number reference.

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3.7	Regular reporting and minuting of bank balances?	Yes	Bank balances are presented to Council at each meeting.
3.8	S137/GPC expenditure minuted?	No	<p>Any S137 payments need to be noted as such in the minutes and there must be a separate column in the accounts to identify these payments (for example poppy wreath):</p> <p><b>NALC Legal Topic Notice 31- LOCAL COUNCIL GENERAL POWERS:</b></p> <p>17. As Councillors are collectively expressing an opinion as to the commensurate local benefit, the expenditure under s. 137 must be properly authorised by resolution.</p> <p>18. S. 137(7) requires a separate account to be kept of expenditure under the section. For many councils all that is necessary is to have a separate column in the cash book. Rights of inspection under s. 25 of the Local Audit and Accountability Act 2014 (England) apply to the separate account.</p>

4. Budget		Comments & Recommendations	
4.1	Annual budget prepared to support precept?	Yes	A budget is prepared annually by the Clerk.
4.2	Has budget been discussed and adopted by Council?	Yes	<p>The budget for the financial year was minuted at the February 2020 meeting.</p> <p><b>Recommend</b> that either the full budget or a summary of it is included in the minutes.</p> <p><b>Recommend</b> that budget which informs the precept is approved and minuted by December/January each year in line with submission to District Council.</p>
4.3	Any reserves earmarked?	No	
4.4	Any unexplained variances from budget?	Yes	All explained as per the Annual Return and year-end financial reports.

4. Budget		Comments & Recommendations	
4.5	Precept demand correctly minuted?	Yes	<p>The precept demand of £3,162.94 was forwarded to WODC by the deadline and was correctly minuted.</p> <p><b>Recommend</b> that the precept request is adopted and minuted by December/January each year in line with submission to District Council.</p>

5. Payroll - Clerk		Comments & Recommendations	
5.1	Contract of employment?	N/A	The PC has no employees therefore there is no contract of employment. The Clerk and RFO roles are undertaken by councillors as volunteers.

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<b>5.2</b>	<b>Tax code issued/contracted out?</b>	<b>N/A</b>	No employees
<b>5.3</b>	<b>PAYE/NI evidence?</b>	<b>N/A</b>	No employees
<b>5.4</b>	<b>Has Council approved the salary paid?</b>	<b>Yes</b>	No salary paid as no employees
<b>5.5</b>	<b>Other payments reasonable and approved by Council?</b>	<b>No</b>	Not applicable

<b>6. Payroll - Other</b>		<b>Comments &amp; Recommendations</b>	
<b>6.1</b>	<b>Contracts of employment?</b>	<b>No</b>	No employees
<b>6.2</b>	<b>Does the Council have employers' liability cover?</b>	<b>Yes</b>	The Council has employer's liability cover of £5m.
<b>6.3</b>	<b>Tax code(s) issued?</b>	<b>N/A</b>	
<b>6.4</b>	<b>Minimum Wage paid?</b>	<b>N/A</b>	
<b>6.5</b>	<b>Disciplinary, Grievance &amp; Complaints procedures in place?</b>	<b>No</b>	.

<b>7. Asset Control</b>		<b>Comments &amp; Recommendations</b>	
<b>7.1</b>	<b>Does the Council keep a register of all material assets owned?</b>	<b>Yes</b>	The Clerk is responsible for maintaining the asset register.
<b>7.2</b>	<b>Is the asset register up to date?</b>	<b>Yes</b>	The asset register was up to date as at financial year-end.
<b>7.3</b>	<b>Value of individual assets included?</b>	<b>Yes</b>	All assets have an individual value on the asset register
<b>7.4</b>	<b>Inspected for risk and health and safety?</b>	<b>Yes</b>	A Councillor inspects the village assets e.g. play areas on a regular basis and reports back to the Council. Play equipment checked annually by ROSPA accredited inspectors.
<b>7.5</b>	<b>Land and Building asset register?</b>	<b>Yes</b>	Included in the Register of Assets purchase for this financial year: Ride on mower purchase price £2,500.

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8. Bank Reconciliation			Comments & Recommendations
8.1	Is there a bank reconciliation for each account?	Yes	Bank reconciliations are carried out at end of year.
8.2	Reconciliation carried out on receipt of statement?	No	Bank reconciliation is carried out at year end due to small number of transactions during the year. <b>Recommend</b> that reconciliation is carried out quarterly and reported to a PC meeting as per JPAG on Governance and Accountability : <i>'Approval of the bank reconciliation by the authority .....is not only good practice but it is also a safeguard for the RFO and may fulfil one of the authority's internal control objectives'</i> .
8.3	Any unexplained balancing entries in any reconciliation?	No	
8.4	Is the bank mandate up to date?	Yes	Bank mandate requires at least 3 authorised signatories. Cheques require 2 signatories. RFO, although a councillor is not a bank signatory Reviewed May 2020 and November 2020

9. Year-End Procedures			Comments & Recommendations
9.1	Year-end accounts prepared on correct accounting basis?	Yes	Year-end accounts are prepared on an Income and Expenditure basis.
9.2	Bank statements and ledger reconcile?	Yes	A reconciliation of each bank statement to the corresponding account in the ledger as at 31st March was prepared and reviewed and approved by the Council.
9.3	Underlying financial trail from records to presented accounts?	Yes	The accounting system provides a satisfactory audit trail to the underlying financial records.
9.4	Where applicable, debtors and creditors properly recorded?	N/A	
9.5	Has Council agreed, signed and minuted sections 1 & 2 of the AGAR (Annual Return)?	No	Section 1-Annual Governance Statement and Section 2-Accounting Statements, were signed and minuted by Council on 30/7/20 The AGAR for the Financial Year 20/21 will be signed on 21/6/21

10. Miscellaneous			Comments & Recommendations
10.1	Have points raised at the last internal audit been addressed?	N/A	No internal audit report received due to auditor's ill-health

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10. Miscellaneous			Comments & Recommendations
10.2	Has the Council adopted a Code of Conduct since July 2012?	Yes	14 <sup>th</sup> May 2019
10.3	Is eligibility for the General Power of Competence properly evidenced?	N/A	
10.4	Are all electronic files backed up?	Yes	<b>Recommend</b> that all electronic files are backed up monthly on the cloud or a separate hard drive and stored separately from the PC laptop
10.5	Do arrangements for the public inspection of records exist?	Yes	The Transparency Act requires a significant amount of Council data to be available on the Council's website. Notice of public rights was displayed on the noticeboard during the relevant dates last June/July (2020), as confirmed by the RFO. This year's public rights will be displayed after the PC meeting on 21 <sup>st</sup> June when the dates will be authorised. <b>Recommend</b> that they are also displayed on website.

11. Charities			Comments & Recommendations
11.1	Charities reported and accounted separately?	N/A	There are no charities or trust funds.
11.2	Have the Charity accounts been separately audited?	No	Not required.
11.3	Have the Charity accounts and Annual Return been filed within the legal time limits?	N/A	

12. Burial Authorities			Comments & Recommendations
12.1	All money received corresponds with the number of burials/cremations recorded and memorial permits issued?	N/A	PC is not a burial authority.
12.2	Are fees levied in accordance with the Council's approved scale of fees and charges?	N/A	
12.3	Have all statutory books been kept safe and up to date? If electronic copies are held, are these backed up regularly?	N/A	
12.4	Do all internment of ashes have a certificate of cremation?	N/A	
12.5	Have the necessary permits, permissions, and transfer of Exclusive Burial Right (EBR) been completed correctly, documented and approved?	N/A	



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13. Income Controls			Comments & Recommendations
13.1	Is income properly recorded and promptly banked?		<b>Recommend</b> that income is recorded, as it is received, on the spreadsheet along with the expenditure so there is an up-to-date running total throughout the year.
13.2	Does the precept recorded agree to the Council Tax authority's notification?	Yes	The total precept received for 2020-21 was £3183 as per the WODC notification.
13.3	Are security controls over cash adequate and effective?	Yes	No cash received.

14. Petty Cash			Comments & Recommendations
14.1	Is all petty cash spent recorded and supported by VAT receipts where applicable?	N/a	No petty cash is used
14.2	Is petty cash expenditure reported to Council?	N/a	
14.3	Is petty cash reimbursement carried out regularly?	N/a	

15. Accessibility/Transparency			Comments & Recommendations
15.1	<p>Are the following documents published on the website as per Transparency Code 2015:</p> <ul style="list-style-type: none"> <li>• All items of expenditure above £100</li> <li>• End of year accounts</li> <li>• Annual governance statement</li> <li>• Internal audit report</li> <li>• List of a councillor or member responsibilities</li> </ul>	<p>No Yes Yes No No Yes</p>	<p>For FY 2019-20 all possible documents are published</p> <p>Recommend that this is published as it is specifically requested by the external auditors</p>

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	<ul style="list-style-type: none"> <li>• The details of public land and building assets</li> <li>• Minutes, agendas and meeting papers of formal meetings</li> <li>• Analysis of Variances</li> <li>• Bank reconciliation</li> </ul>	<p>Yes</p> <p>Yes</p> <p>Yes</p>	
<b>15.2</b>	Is the website accessible as per The Public Sector Bodies (Websites and Mobile Applications) Accessibility Regulations 2018?	Yes	
<b>15.3</b>	Has an Accessibility Statement been published on the website?	Yes	

<b>16. Freedom of Information/GDPR</b>		<b>Comments &amp; Recommendations</b>	
<b>16.1</b>	Is the Council registered with ICO?		Yes
<b>16.2</b>	GDPR: Freedom of Information scheme Data Protection policy Retention and Disposal of Documents policy Privacy Notice	<p>Yes</p> <p>No</p> <p>No</p> <p>Yes</p>	<b>Recommend</b> Data Protection and Retention and Disposal of Documents policies are adopted in line with GDP Regulations. Example policies can be provided or found on the OALC website if desired.
<b>15.3</b>	Are the above documents published on the Council's website?	Yes	

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TRANSACTION SPOT CHECK						
<u>Check No.</u>	<u>1</u>	<u>2</u>	<u>3</u>			
<u>Transaction type</u>	Purchase invoice	Purchase invoice	Email notification			
<u>Supplier/Customer</u>	Just Tractors	Banbury Turf	British Legion (donation)			
<u>Invoice/Transaction No.</u>	39641	37251				
<u>Invoice/Transaction date</u>	24/11/20	26/06/20	19/9/20			
<u>Goods/services supplied</u>	Lawn tractor	Play bark	Poppy wreath			
<u>Ledger date</u>	7/1/21	1/8/20	3/10/20			
<u>Item/Budget heading</u>	Mower repair/New	Repair	Poppy Wreath			
<u>Ref/cheque No.</u>	100406	100396	100398			
<u>Authorised by</u>	2*authorised signatories	2*authorised signatories	2*authorised signatories			
<u>Delivery evidence</u>	Councillor checked	Councillor checked	Councillor collected			
<u>Payment minute ref</u> Authorisation ref:	Item 5d Feb 21 (no actual figure) Item 13e Nov 20	Not minuted per se, but available for all to see at PC meetings via the accounts presented	Not minuted per se, but available for all to see at PC meetings via the accounts presented			
<u>Payment value</u>	£2,999	£156.00	£45			
<u>Bank Statement value</u>	£2,999	£156.00	£45			
<u>Payment Date</u>	22/4/21 Original cheque lost in transit	1/8/20	9/12/2020			
<u>Timely payment</u>	Yes	Yes	Yes			
<u>VAT recorded</u>	£499.83	£26.00	Outside scope			
<u>GPC recorded in ledger</u>	n/a	n/a	n/a			
<u>GPC minuted</u>	n/a	n/a	n/a			
<u>Notes</u>	VAT to be claimed on future claim	VAT to be claimed on future claim				
<u>Pass</u>	√	√	√			

## Internal Audit Report for Swerford Parish Council

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### Summary

**Governance:** the RFO, clerk and the other councillors have worked hard to ensure that the PC's business is conducted in accordance with regulations and proper practice. Standing Orders, Financial Regulations, Risk Management, other policies and authorisations are current and adhered to. All statutory documents are published as per requirements.

Bank balances and precept request are recorded in the minutes. However, to keep in line with Transparency regulations, payments need to be published in the agendas and minutes (who to/what for/how much/ names of councillors who signed cheques). It is also good practice to publish at each meeting any receipts received and to publish the budget when it is approved.

(For inf. – it is advised that AOB is not used at Council meetings. 'Any Further Information' can be used for an exchange of information at the end of a meeting. Unfortunately, decisions to make payments under AOB are not legal).

**Accounts:**

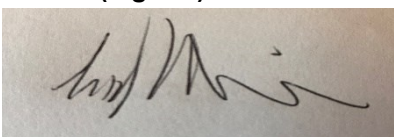
Bank reconciliations and VAT reclaims could be done more regularly.

Legal powers need to be minuted alongside each payment to ensure all activities fall within the authority's power to act (and S137 payments identified in the ledger and in the minutes).

I understand that you use Income and Expenditure accounting but recommend that you think about moving to Receipts and Payments as for the size of the council this is a much simpler system. Please read from pg 51 of the Joint Panel on Accountability and Governance Practitioner's guide (2020) for background on this.

### Acknowledgments

The help and co-operation of Gavin Strachan, RFO to the Council is much appreciated.

<b>Internal audit carried out by</b>	<b>(signed)</b> 	<b>(print)</b> <b>Lisa Wilkinson</b>
<b>Audit type (delete as appropriate)</b>	<del>INTERIM</del> <b>ANNUAL</b>	
<b>Date</b>	<b>09/06/2021</b>	

<b>For internal auditor's use only</b>	
<b>Annual Internal Audit Report completed and signed</b>	<b>10/6/21</b>
<b>Internal audit report/letter sent to Council</b>	<b>10/6/21</b>

## Section 2: Compliance Testing Report for Swerford Parish Council Year

**Ending: March 2021**

2020/21 ANNUAL RETURN		Year Ending 31 March 2020	Year Ending 31 March 2021
1	Balances brought forward	10,981	12118
2	Annual precept	3,782	3183
3	Total other receipts	14	4
4	Staff costs	0	0
5	Loan interest/capital repayments	0	0
6	Total other payments	2,659	5530
7	Balances carried forward	12,118	9775
8	Total cash and investments	12,104	9583
9	Total fixed assets and long term assets	14,315	16,815
10	Total borrowings	0	0
11	The Council acts as a sole trustee for and is responsible for managing Trust funds or assets	NO	NO