

## WELFORD PARISH COUNCIL

### INTERNAL AUDIT REPORT – MAY 2021

#### Introduction

The Internal Audit was carried out in line with the new Accounts and Audit Regulations 2015, which came into force on 1<sup>st</sup> April 2015. These Regulations are supported by the Practitioners Guide, issued by JPAG, to support the preparation by smaller authorities in England of statutory annual accounting and governance statements found in the Annual Governance and Accountability Return (AGAR).

As a result of the Coronavirus Pandemic the 2020/2021 Financial Year has been a very challenging and testing time for Parish Councillors and Clerks in trying to maintain the day to day administration and procedures relating to the Councils business.

#### The Accounts and Audit (Coronavirus) (Amendment) Regulations 2021

In response to the Coronavirus an amendment to the Accounts and Audit Regulations 2015, having been made on 8<sup>th</sup> March was laid before Parliament on 9<sup>th</sup> March and having been approved came into force on 31<sup>st</sup> March 2021. The amendments to regulation 10 of the 2015 Regulations extend the deadline for relevant authorities to publish their statement of accounts and supporting documents (together with any certificate or opinion of the local auditor) in relation to the financial year beginning on 1<sup>st</sup> April 2020 from 31<sup>st</sup> July to 30<sup>th</sup> September 2021.

A further amendment to regulation 15 of the 2015 Regulations extends the deadline to commence the period for the exercise of public rights, so that the relevant period must commence on or before the first working day of August 2021. The draft accounts must therefore be approved by 31<sup>st</sup> August at the latest or earlier if possible.

***Please note that due to the Coronavirus Pandemic it may not be possible to complete all the actions recommended in the Audit Report and/or Audit Plan.***

#### Zoom Meetings

Under the Local Authorities were granted permission to allow members, the public and press to attend meetings remotely from 4<sup>th</sup> April 2020 for all smaller authorities and 1<sup>st</sup> August 2020 for Parish Meetings. The legislation only permits remote attendance at meetings held before 7<sup>th</sup> May 2021. **Therefore if no further legislation is passed in 2021 smaller authorities will/are not be able to hold virtual meetings after that date**

## **2020/2021 Internal Audit Procedure**

As a result of the virus the procedure for completing the Internal Audit has once again been amended slightly in that the Audit has taken place in the confines of my home and I would like to express my very sincere thanks to the Parish Clerk for her help in ensuring that I have received the relevant documents in order that the Internal Audit can take place.

## **New Practitioners Guide 2021**

In response to issues raised by local Councils and others a major focus of the JPAG activity during 2020 has been to review the Best Practice Guidance for Internal Audit set out in Section 4, pages 23 to 33 of the Guide. It has been completely rewritten and now includes links to relevant information sources throughout. It is a regular use document rather than a once a year resource.

The 2021 edition of the Guide applies in respect of financial years commencing on or after 1<sup>st</sup> April 2021 with the 'proper practices' laid down in Sections 1 and 2 of the new Guide must be applied in the financial year ending 31<sup>st</sup> March 2022 as must the AGAR Form. The 'proper practices' in the new Guide may be applied in preparing the AGAR for the year ending 31<sup>st</sup> March 2021 but this is not mandatory.

## **Reviewing Internal Audit**

Authorities should on an annual basis, carry out a review of the effectiveness of their overall internal audit arrangements. It should be designed to provide sufficient assurance for the authority that standards are being met and that the work of internal audit is effective. Authorities should judge the extent and scope of the review by reference to their own individual circumstances. Such a review should take place when a new Internal Auditor and/or the Responsible Financial Officer are appointed.

Parish Councils usually appoint a small Working Party to carry out the review and report back to full council. As with any review, it should be evidence based which should, if possible, be gathered throughout the year and may include the following:

- previous review and action plan;
- independence and competence of the Internal Auditor;
- annual report by internal audit;
- other reports from internal audit, including internal audit plan, monitoring reports, and the results of any investigations;
- relationships with the Clerk and the authority;
- any reports by the external auditor;
- the results of any other external reviews of internal control.

Details on how the review could take place is set out in the Practitioners Guide.

## **Internal Audit**

Internal audit is a key component of the system of internal control and is considered to be an ongoing function reporting to the Parish Council once a year. The purpose of internal audit is to review whether the systems of financial and other controls over a Parish Councils activities and operating procedures are effective. It is essential that the internal audit function is sufficiently independent of the other financial controls and procedures of the Council which are the subject of review.

Regulation 5(2) requires:

- (a) An officer or member of the relevant body to make available such documents and records as appear to be necessary for the purpose of audit: and
- (b) Supply the Internal Auditor with such information and explanation as is considered necessary for that purpose.

It is not a matter for the internal auditor, to actively seek evidence of fraud, corruption or error. The internal auditor's role is to assist the council in fulfilling its responsibility to have and maintain proper arrangements for the prevention and detection of fraud, error or mistakes.

The internal audit is therefore based on the following two key aspects of the Council's procedures:

- ❖ Financial Regulations
- ❖ Risk Management

The Internal Audit, which took place on Tuesday 4<sup>th</sup> May 2021, is based on the Internal Audit Plan, a copy of which is attached for members' information together with any relevant information outlined in the Practitioner's Guide. The Internal Audit Plan provides details of the Financial Regulations/Risk Management and other issues together with the compliance checks that were carried out.

This is my second report as your appointed Internal Auditor and I would once again like to place on record my sincere thanks to Sonia Coyle the Parish Council Clerk for her patience and co-operation in answering my questions and providing me with all the necessary information and documentation required to complete the audit.

In my report last year I highlighted a number of issues that had occurred during the previous year concerning the day to day administration of the Parish Council and made a number of recommendations in the hope that the issues raised could be resolved. I am pleased to note that all my recommendations have or will be fulfilled and I would like to place on record my sincere and grateful thanks to the Clerk for all she has achieved during the past year.

## **Internal Audit – 2021**

As referred to above the purpose of Internal Audit is to review whether the systems of financial and other controls over a councils activities and operating procedures are effective. My investigations were risk based, and included, as far as possible, examination of the council's administration and accounting procedures, such as income, payment and budgetary controls, VAT recording, claims and reconciliation, salary controls, bank reconciliation and the year-end procedures. The former included, where possible, the examination of documents, such as minutes, contracts together with the Financial Regulations, Standing Orders, Policies and Procedures and the Members Code of Conduct.

Despite the ongoing Pandemic, I found the administration and procedures of the Council to be carefully planned, controlled and well documented with reports being presented to the Council as deemed appropriate. In addition the Minutes provide a very factual and comprehensive record of the Councils activities with a clear indication of who is responsible for follow-up action.

The actions of the Clerk, continues to provide a very reliable system producing comprehensive and informative minutes and reports, tight budgetary controls and a clear and concise audit trail. The ongoing administration of the tender documents and contracts, where applicable, continues to be well documented and monitored.

All Council meetings during the past year have taken place via Zoom. The following is a summary of the issues identified which I feel should be drawn to Councilors attention, none of which, in my opinion, affect the final outcome of the Internal Audit:

### **Payment of Salaries**

The Clerks salary and PAYE is dealt with by an external payroll service with the HMRC being paid direct by the Parish Council.

### **Asset and Investment Control/Register**

The Council is required to maintain an asset and investment register and in respect of the latter this is recognized and confirmed as the Council's Business Bank Instant Account. It is noted that CIL and/or Section 106 funding has been allocated to various projects within the environs of the parish.

The Clerk confirmed that she continues to monitor the Councils bank balance on a regular basis. In view of the information provided I am therefore satisfied that the Council has adequate but not excessive reserves or balances.

The current Asset Register, having been reviewed by the Clerk has been approved by the Council. It is suggested that the Asset Register be subject to an annual review by

the Clerk/Council with any additional assets obtained during the financial year being reported to the Council.

### **Insurance**

In noting that the Councils insurance was renewed for the 2020/2021 financial year, I confirm that the insurance cover is adequate and sufficient. The Policy needs to be kept under review in the light of any significant changes or additions to the Councils assets etc.

### **Budget Estimates 2021/2022 and Precept**

The Council 2021/2022 Budget and Precept in the sum of £8000, which remains unchanged from the previous year, was approved by the Council at its meeting held on 13<sup>th</sup> January 2021.

### **Risk Management**

The greatest risk is not being able to deliver the activity or services expected of a Council. I therefore examined the Minutes available and found no evidence to suggest that risks are not being identified and managed. The existing Risk Assessment should be reviewed by the Clerk and a revised version be presented to a future meeting of the Council for approval and adoption.

### **Revision of Financial Regulations (FR) and Standing Orders (SO)**

It is noted that an amended version of the Councils SO was approved and adopted by the Council at its meeting held on 10<sup>th</sup> March 2021. It is noted however that the Councils FR were last approved in August 2016 and it is recommended that the Clerk undertakes an urgent review of the Councils FR and presents revised documents, amended to reflect any changes in legislation and/or regulations, to a future meeting of the Council for consideration, approval and adoption. A model template can be found on the NALC website.

### **Members Code of Conduct**

A revised and amended Code of Conduct for Members was approved and adopted by the Council at its meeting held on 10<sup>th</sup> March 2021 and should be further reviewed when the recommendations of the national review referred to below are known. Its purpose is to promote and maintain high standards of conduct by members of the Council.

The LGA is to develop a new Model Code of Conduct for Councillors. This is in response to the recommendations made in the Committee on Standards in Public Life's report published in 2019, and in response to rising local government concern about the increasing incidence of public, member-to-member and officer/member intimidation and

abuse, overall behavioral standards and expectations in public debate, decision making and engagement. NALC's aim was to launch a revised code at their annual conference scheduled to take place at the end of June 2020 but this has now been deferred to a later date.

### **Openness of Local Government Bodies Regulations 2014**

There have been changes in legislation relating to the Openness of Local Government Bodies Regulations 2014, its intention being to make Council's more transparent by allowing certain documents to be made public on the Council's web-site.

A further requirement of the Regulations is the protocol for reporting at meetings which provides guidance to members of the press and public who wish to photograph or record proceedings at any of the Council's public meetings. Relevant notices should therefore be displayed at Council meetings when they return to normal.

### **ROSPA Inspection of Playground Equipment**

It was noted that the last inspection of the Playground equipment was carried out April 2020. A further inspection was scheduled to take place in April 2021 with a report on the outcome of that inspection being reported to a future meeting of the Council.

### **Policies and Procedures**

The Policies and Procedures that are relevant to the Council were last approved at the Council meeting in July 2019. I understand that in accordance with my recommendation in last year's report and when time permits the Clerk will be undertaking a complete review of the Policies and Procedures and present final documents, amended to reflect any changes in legislation and/or regulations, to a future Council meeting for consideration, approval and adoption.

### **Internal Audit Statement 2021**

I am satisfied that the Parish Council has put in place safe and efficient arrangements and maintains robust controls on payments as an integrated part of the overall financial control system.

I am therefore pleased to report that no matter has come to my attention that requires further investigation and report to the Parish Council or that gives me reasonable cause to believe that the requirements for adequate control and monitoring as outlined in the regulations have not been met. In addition there are no matters that have come to my attention, concerning the effectiveness of the system of internal control, to which members' attention should be drawn.

In conclusion I consider that, within the Parish Council, the management of processes by the Clerk and Councillors is continuing to be well controlled and monitored.

During this continuing Pandemic I wish the Parish Clerk and Councillors all the very best but more importantly please keep safe and well.

Signed: *David R Weller*

David R Weller DMA, HNC/ONC  
Internal Auditor

Date: 4<sup>th</sup> May 2021