Collingham with Linton Parish Council Internal Audit Report April 2022

Introduction

My role as your internal auditor is to make sure that there are robust controls in place which ensure that the Council is functioning effectively. Internal auditing is an independent assurance activity designed to improve an organisations operation. It helps an organisation accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The scope of this audit is to look at the policies and procedures currently in place, to examine financial transactions in 2021/22 and to make recommendations for improvement. The conclusions reached from the audit will be based on the information given to me by Tina Wormley, Parish Clerk and Responsible Financial Officer. The audit started with a zoom session to facilitate a discussion of the year being audited and all the necessary paperwork was scanned and emailed to me.

At the close of the audit, I will complete the internal audit page of the Annual Governance and Accountability Return (AGAR). As usual, the output from this audit, which is my report, should go to full council and be discussed and the recommendations considered.

The Audit

In line with my normal practise the audit began with an examination of the recommendations from my last audit. There was only one recommendation from the previous audit which was the publication and or the ratification at Full Council of decisions being made by the Finance Committee. Tina stated that all decisions were ratified by the Full Council, and she was to publish the Finance Committee minutes on the Council website in the future.

 Policies and Procedures

I examined the following Policies and Procedures.

* Risk Assessment Policy
* Asset Register
* Standing Orders
* Financial Regulations
* Reserve Policy
* Internal Controls
* Operational Plan

The Risk Assessment Policy was last updated in March 2021 and Tina said it was to be updated again shortly. The Council’s Risk Assessment Policy should be updated at least annually. Both the Standing Orders and Financial Regulation Policies were up to date. The Asset Register had been updated with the purchases made in the year being audited. The Council has an excellent Reserve Policy and although dated for last year there has not been any fundamental changes which need to be incorporated. The Operational Plan is an excellent example of good practice and gives an adequate description of the purpose of the Council and the projects being delivered. It is dated 2019 so it requires a refresh.

The Internal Control evaluation form has not been updated in this financial year so that needs attention. This is an important document and is linked to Assertion 2 of the Annual Governance Statement. This should always be in place for the Internal auditor. This will be a recommendation from this audit.

Council Minutes

To ascertain council activity, I examined all minutes for the year being audited. The queries resulting from this exercise were all satisfactorily answered by Tina.

Website

Collingham with Linton Parish Council has a good user-friendly website. I was able to find the expected documents on it. This included the Annual Governance and Accountability Return (AGAR) for 2021/22 which include the provision of public rights during the summer of 2021. This requirement is now an internal control objective on the AGAR, so must be checked. I noted that the External Auditor had found errors in the transposition of the figures in box 8 and 10 and Tina has ensured that in 2021/22 they are correct.

Councillor’s Disclosure of Pecuniary Interest’s (DPI’s)

 Listed below are the current councillors, all councillors had their DPI on the website.

Angela Martin

Debbie Forsyth-Conroy

Sharon Spooner

Julian Holmes

Diana Lee

Marianne Moses

Chris Corkhill

Richard Marsden

Julie Brown

Michael Pearson.

I found a few issues with the DPIs of three of the Councillors. When clicking on Julie Brown’s DPI it came up as a 404 error so this needs looking into. On Sharon Spooners DPI it states that her family name is Green not Spooner, so the completion of a new DPI is required. Michael Pearson’s DPI states that he owns his own business but there is no note as to what the business is. I am surprised that this was not picked up by the Monitoring officer at Leeds CC, but it requires amendment with further detail of the business.

Appropriate books of Account

 I found that appropriate accounting records had been properly kept throughout the year. Tina emailed me scans of the bank statements for the year being audited. I

examined a sample of the bank reconciliations for the year and was satisfied as to their accuracy.

At the year-end there was a total of £133,621 in the bank accounts operated by the Council. This was checked to both the cash book and bank statements.

From the bank statements I chose 10 invoices for further scrutiny and found them to be for appropriate council activity. I noted one issue in that two invoices in my sample were addressed to Councillors rather than the Parish Council. The invoices included VAT which the Parish Council can reclaim. However, to be able to reclaim VAT the invoice must be in the name of the Parish Council and not individuals.

I examined the budgetary process for 2021/22 and found that the Precept requirement resulted from an effective budgetary process. Councillors were given timely and accurate financial information throughout the year. This was reflected in both the Council minutes and the financial information presented to me by Tina.

Tina has also actioned a VAT reimbursement claim, which had been received in January 2022 amounting to £3,393.13

Staffing

There have been no changes to employees since my last audit. Tina had an appraisal in March 2022.

Recommendations

It is my opinion that Collingham with Linton Parish Council is an effective Parish Council serving its community well. I found good practice in that the Council is proactively planning its future budget which is to be increased by the receipt of Community Infrastructure levy (CIL) monies. The Parish Council has actively consulted with the community as to how these funds should be spent. This will ensure that activity reflects the needs and wishes of the community.

I have two recommendations for the Council to consider, they are,

* The completion of the Internal Controls Document in readiness for the Internal Audit.
* Updating of the Risk Assessment Process.
* Changes to the DPIs of Councillors as set out earlier in my report.
* Invoices should be in the name of the Parish council so that VAT can be reclaimed.

Conclusion

 This is my final year as an Internal Auditor as I am retiring in June 2022. I would like to thank Tina for her help during the audit. The information I needed was given to me promptly and efficiently. I wish Collingham with Linton Parish Council all the best in the years ahead.

Diane Brown- Collingham with Linton Auditor 18/04/2022