Thorp Arch Parish Council Internal Audit Report for the year ending 31st March 2021.

Introduction

 Due to the continuing restrictions caused by the Covid-19 Pandemic, I am continuing to complete internal audits remotely. Hopefully, this will be the last year end in which this has to be done this way.

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, albeit it remote, is to look at the policies and procedures currently in place, to examine financial transactions in 2020/21 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.

 Previous Audits

The starting point of any audit is to look at the output from previous audits. There were no issues reported by the External Auditor on their end of year certificate within the Annual Governance and Accountability Return (AGAR) for 2018/19.

My recommendations from 2019/20 were as follows and the notes in italic are the actions taken as advised by Tina.

* The Financial Regulations require updating to reflect the latest guidance published by NALC. In addition, all Parish Councils who are to carry out their meetings remotely will have to adapt the Standing Orders. This instruction was received from the YLCA whilst this audit was on-going. *This recommendation has been actioned.*
* As stated in this audit the carry-forward has increased from last year and this gives me some concern. Firstly, that the funds are not being maximised as they are not earning any interest and secondly the Council needs a Reserve Policy which specifies the reasoning behind the Council’s Reserve Strategy and how the remaining funds will be spent in the next financial year. *I discussed this with Tina, she explained that this is in hand and there are plans to set up an interest earning account. I will carry this forward as a recommendation and will check progress at the next audit.*
* Purchase of an SSL Certificate for the website. *This has been discussed and the Parish Council have decided not to implement this recommendation. I recommended this as community engagement is integral to the Council’s role in the Community and residents may feel that do not want to go on to a website when it states it is insecure.*

Policies and Procedures

I examined the Policies and Procedures and found them fit for purpose, they included.

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

Council Minutes

To ascertain council activity in the year being audited I examined all minutes for the year. Meetings have been held remotely and council business has continued as usual. The queries resulting from this exercise were all satisfactorily answered by Tina.

Website

Thorp Arch Parish 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 2020/21 which included the provision of public rights during the summer of 2019. This requirement is now an internal control objective on the AGAR so must be checked.

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

 Listed below are the current councillors, the DPI’s for all councillors are on the website. I found this area to be satisfactory.

John Richardson

Steve O’Loughlin

Nicola Midgley

Ian Grainger

Charlotte Dyson

Financial Transactions

Tina emailed me scans of the bank statements for the year being audited. I also

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

At the year-end there was a total of £65,319.87 in the bank account operated by the Council. This was checked to both the cash book and bank statement.

From the bank statements I chose a sample of invoices for further scrutiny and found them to be for appropriate council activity.

Tina has also actioned a VAT reimbursement claim in year amounting to £543.84 which has been received.

In 2020/21 the Council received £18,499.87 in Community Infrastructure Levy (CIL) funds. Owing to the level of new housing continuing to be built in the parish, the Council will receive further CIL funding. CIL monies are time limited in that they must be spent in a determined period and on specific activity. They can be spent on the provision, improvement, operation, or maintenance of infrastructure. Or anything else that addresses demands that the housing development places on the area. This gives the Council the freedom to spend the money on a wide range of matters, but it must be in consultation with the community. Consultation is key and careful consideration is needed to decide what the community will require once the new housing developments are completed. Large developments can bring change to an area and in addition, this past year the Covid-19 crisis has resulted in extra unforeseen pressures placed on communities. Tina explained that there had been a thorough consultation via the Neighbourhood Planning Exercise which was carried out five years ago. I feel that this is not sufficient, and the Parish Council should consult its residents now to determine if there have been any changes regarding their needs. The resulting demands from residents will require the setting up of a Project Plan with a steering committee to drive it forward on a timely and efficient basis.

 Staffing

There have been no changes to employees since my last audit. Tina had an appraisal in September 2020. I found this are to be satisfactory.

Recommendations

My recommendations from this audit are as follows,

* I understand that progress is being made regarding the maximisation of funds and there are plans to open an interest earning account. Dealing with banks is rarely an easy process when changing and opening new accounts and banking mandates and the Pandemic has further impeded progress.
* The setting up of a Project Plan for CIL expenditure.

Conclusion

 Although this audit was carried out remotely, it achieved the coverage to give assurance that the Council is working effectively. I could verify that the appropriate accounting records have been kept in year and that VAT was appropriately accounted for.

 Based on my findings, I concluded that the control objectives were being achieved throughout 2020/21 to an adequate standard as specified in the Annual Internal Audit page of the AGAR and I ticked all the relevant boxes positively.

It is hoped that at the next year-end I will be able to make a physical audit of the Council. I was hopeful that this audit would be carried out in this way, but circumstances again have prevented it.

I would like to thank Tina for her help, the information I needed was given to me promptly and efficiently. I would also like to wish all the best to Thorp Arch Parish Council for the coming year.

Diane Brown- Thorp Arch Parish Council Internal Auditor 18/04/2021