**Thorp Arch Parish Council Internal Audit Report March 2020**

Introduction

 Owing to the lockdown caused by the Coronavirus Pandemic Internal Audits are currently being completed remotely. Prior to completing the audit, I contacted PKF Littlejohn the external auditors appointed by the Government outlining my plan for completing remote audits and received this in response.

Dear Ms Brown

Thank you for your email. Your proposed approach appears reasonable. If you are unable to carry out all of the work you usually do, we would recommend including details of any work you have not been able to perform as a result of the remote working conditions, in you report to the council. If you find it necessary to respond ‘No’ to any of the objectives listed on the AIAR section of the AGAR, please ensure information is provided in explanation. This is in line with usual practice.

Kind regards

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 It must be noted that this audit was not completed in the usual way, but a great deal of thought has been given to ensure that the audit was completed as effectively as possible.

 In addition, the advice from the Yorkshire Local Council’s Association (YLCA) to councils was to go ahead as normal with internal audits. There was no further guidance as to how this was to be managed.

The scope of the audit albeit it remote was to look at the policies and procedures currently in place, to examine financial transactions in 2019/20 and to make recommendations for improvement.

 The conclusions reached from the audit are based on the information given to me by Tina Wormley, Parish Clerk and Responsible Financial Officer.

This 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 2018/19 were as follows and the notes in italic are the actions taken as advised by Tina.

* Consideration, to maximising funds by placing some funds in an interest earning account. *This is under consideration.* This will remain a recommendation particularly as the Council’s carry forward has increased by £10k from last year end to this.
* The Internal Controls Document should be completed prior to future audit visits as proof that the Council has reviewed its current financial systems to ensure that they are robust. *This has been actioned.*

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, during the audit an instruction from the YLCA was received to include an addendum in Council’s Standing Orders for the handling of remote meetings.
* Financial Regulations- just a note on the Financial Regulations in that there was an update received from the National Association for Local Councils (NALC) received in July 2019 so as the current regulations are dated 2018 an update is required.

Council Minutes

To ascertain council activity in the year being audited I examined all minutes for the year. 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 2018/19 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.

My only negative comment is that when you go on the website it states that it is not secure. This statement can put people off from visiting the site. To ensure that the website is secure I recommend that the council purchases a Secure Sockets Layer (SSL) Certificate. SSL is the standard for Internet security as it creates a secure connection between a web server and browser.

I am also confident that the Council is effectively considering the requirement of the Public Sector Bodies (Websites and Mobile Applications) Accessibility Regulations of 2018. This legislation comes into effect in September 2020.

Councillor’s DPI’s

 Listed below are the current councillors, unfortunately at the time of the audit only one of the councillors had his Disclosure of Interest forms (DPI’s) on the website. Tina said that this was because all other councillors were newly co-opted and that they would be put on the website as soon as possible. This was actioned during the audit and therefore is not a recommended action going forward.

John Richardson

Steve O’Loughlin

Andrew Peacock

Nicola Midgley

Ian Grainger

Financial Transactions

Tina emailed me the scans of all 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 £43,036.23 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 6 invoices for further scrutiny and found them to be for appropriate council activity.

Tina has also actioned a VAT reimbursement which has been received in 2019/20 of £1,529.94. I examined the claim and found it to be satisfactory.

 The year-end carry-forward has increased by £10k and presumably if there are not projects in hand this will increase the amount held in the Council’s reserve. It is advisable to document the reasons for any reserve held. Having a document which notes the reasons i.e. the Council’s minimum working reserve, monies required for election costs and earmarked funds for future projects will assure the Community that the Council has a prudent plan in place for the future spend of these funds. Tina informed me that there are projects in the planning process and additional contingency monies will be required from the reserve to support them. These details should be included within the reserve documentation.

 Salaries

There have been no changes to employees since my last audit

Recommendations

My recommendations from this audit are as follows,

* The Financial Regulations require updating to reflect the latest guidance published by NALC. In addition, the Standing Orders of all Parish Councils who are to carry out their meetings remotely will have to adapt them. This instruction was received from the YLCA whilst this audit was on-going.
* 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.
* Purchase of an SSL Certificate for the website.

Conclusion

 Although this audit was carried out remotely, I think 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. During the audit, the paperwork for the AGAR was received and I shall complete the Internal Audit Page and email it to Tina.

The need for a remote audit was owing to the circumstances in which we currently find ourselves. It is hoped that we can all return to some semblance of normality soon.

I would like to thank Tina for her help during this unusual process. The information I needed was given to me promptly and efficiently. I wish all the best to Thorp Arch Parish Council with a hope of better times soon.

Diane Brown- Thorp Arch Parish Council Internal Auditor 23/04/2020