

Anston Parish Council Mid-Year Internal Audit 2020-21

Introduction

The last audit I completed for Anston Parish Council was undertaken remotely, it was hoped that this audit could have been completed with a physical visit but sadly it was not possible. The issues surrounding COVID-19 have not been resolved and it may be the case going forward that audits will continue to be carried out remotely.

It is my view that the purpose of internal auditing remains the same whether its remote or site based. Councils being audited need to evidence that they are functioning effectively and that robust financial controls are in place.

At the start of the audit there was a Zoom session with Chris Pilkington the Parish Clerk and Michael Gazur, the Responsible Financial Officer which was an excellent opportunity to discuss the current situation at Anston Parish Council and how I can tailor the audit process for this and future audits.

The Audit

At the beginning to all audits there is a discussion as to the implementation of my recommendations from the previous internal audit report.

The notes from this discussion are in italic next to each recommendation

Recommendations from the last report

- Increase in numbers of Cllrs on Finance and General Purposes Committee. *This recommendation was not accepted by the Council and has therefore not been implemented. I raised this recommendation as I noted that in the previous year the Finance and General Purposes Committee was unable to function as some of its meetings had not taken place as they were inquorate. The membership of this meeting is nine councillors so why a committee with such a large membership becomes inquorate is not acceptable. Councillors are reminded that if they are appointed members of any committee they should attend whenever possible. I will continue to monitor this area.*
- Consider Risk Management measures to project management and disruption of meetings. *Since the last audit, the Risk Assessment policy has been reviewed and is awaiting ratification from the Council. I was sent a copy which I examined, and, in my view is missing an important and previously identified risk. A Risk Assessment Policy should be a document which identifies all risks posed and then considers how to mitigate them. I have ascertained from my audit findings that there are issues with disruption at meetings and poor working relationships between some members of the Council. It is my view that this risk should be added to the risk register and the necessary mitigation considered. Any behaviour of this nature can affect the reputation of an organisation. Reputational risk has the potential for negative publicity and perception of an organisation. Mitigation of this risk could include a comprehensive training package for councillors where each councillor could consider their individual training needs which would further improve their skills and competencies.*

- Missing DPI to be added to the website *This has not been actioned yet and Chris will discuss with the Councillor concerned.*
- Rationalisation of the Council's bank accounts *This has not been actioned yet, but Chris and Michael are looking into it as part of the investment strategy.*
- Consideration of an investment strategy. *Discussed as part of the recommendation above.*

Audit Programmes for Future Audits

Owing to the size of the Council's precept it was agreed that at least two internal audits were required each financial year. It was agreed to have a mid-year audit and an end of year audit. The end of year audit has its pressures in having to comply with statutory year-end closure and the completion of the Annual Return. The mid-year audit is useful in that it is less pressured and can be an ideal opportunity for reflection and the consideration of further improvements.

To avoid duplication of effort it is useful to examine the scope required of each audit. At each audit, I will, of course examine the finances and ensure that robust financial controls remain in place but there are some areas which need only an annual review. The programme is only a guide and can be changed to suit the needs of the Council.

Mid-year visit

- Progress from the previous audit recommendations
- External Audit opinion
- Examination of the Council minutes since the last audit to determine activity
- Register of Interests and compliance with the Code of Conduct
- Staff Appraisals
- Budgetary process
- VAT
- Risk assessment update
- Insurance
- Website
- Financial transaction testing since the last audit
- Ensuring robust financial controls remain in place
- Challenges to the Council since the last visit

Year-end visit

- Progress from the previous audit recommendations
- Examination of the Council minutes since the last audit to determine activity
- Financial transaction testing since the last audit
- Ensuring that robust financial controls remain in place
- Financial policies and procedures
- Asset Register
- Annual return

At the year end the separate audit of Anston Parish Council Recreation Ground Charity Trust will also be completed.

External audit Opinion

After I had completed the audit and was completing this report, Chris emailed me enclosing a copy of the AGAR closure form from the external auditor. I was pleased to note that the external audit was unqualified with no matters arising.

Examination of the Council minutes since the last audit

Owing to the COVID 19 pandemic all meetings in 2020/21 have been carried out remotely and did not start till July 2020. I examined all minutes from July until September and the resulting queries I had from them were discussed with Chris and Michael.

We discussed the issues arising from current council projects and the progress made on each. Good progress has been made on some of the projects but unfortunately not all and Chris suggested that a Parish Plan would help with the administration of this area. Parish plans set out a vision for how a community wants to develop and identifies the action needed to achieve it. It would entail the Council working together to identify the vision and hopefully working together positively. This will be an audit recommendation.

Register of Interests and Code of Conduct

I covered this at my last audit and the non-completion of a DPI will continue as a recommendation.

Staff Appraisals

It was agreed that the staff appraisal process should be covered at the mid-year audit. The system for the annual appraisal of the 7 staff was discussed. It was agreed that further consideration of a system to evidence appraisals for the audit process was required.

Budgetary process

I examined the budget monitoring information from April to September and found it to be satisfactory.

VAT

I found this area to be satisfactory with VAT properly accounted for. The last VAT reimbursement from April to June 2020 was received in August and Michael stated that he was preparing the next reimbursement process.

Insurance

I had discussed this area with Chris and Michael during the year end audit.

I further noted that in the Council Minutes that the public liability cover had recently been reduced. In discussion with Chris and Michael I was informed that it was previously felt to be excessive and is now in line with other similar organisations.

Website

Anston Parish Council has an attractive informative website and all documentation needed for the completion of this audit I found to be available.

Financial transaction testing since the audit and ensuring that robust financial controls are in place

I found excellent financial practice in the council's financial processes. I examined the bank reconciliations from April to September 2020 and found them to be accurate. I chose a sample of 10 transactions from the bank statements and was able to check these to the invoices and found them all to be for appropriate council expenditure. It was a user-friendly procedure to check invoices as they are now scanned within the Scribe financial software.

Other Matters

I noted that the Council's accreditation for the Local Councils Award Scheme has lapsed. Chris stated that the Council is to re-apply. The Local Councils Award Scheme has been designed to celebrate the successes of effective local councils, and to provide a framework to support all local councils to improve and develop to meet their full potential. The scheme offers councils the opportunity to show that they meet the standards set by the sector, assessed by their peers, and to put in place the conditions for continued improvement.

Conclusion

I was again impressed by the excellent accounting systems in operation and the effective team working evidenced in my communication with Chris and Michael. The recommendations from this audit are listed below.

- I saw good practice in that the risk management process is reviewed annually. However, there is one risk which was discussed at my first audit which is not included and that is the disruption of meetings and the effect this can have on service delivery. It is recommended that the Council consider a Parish plan and the setting up of an individual training plan for each councillor. A Parish Plan will help with service delivery and will help with the management of current projects and those going forward.
- Missing DPI to be included on the website.
- Rationalisation of the Council's bank accounts and an Investment Strategy.
- Re-application to the Local Councils Awards Scheme
- Appraisal system documentation

I would like to thank Chris and Michael for their help during the audit process and to wish Anston parish Council all the best during the coming year.

Diane Brown Anston Parish Council – Internal auditor 25/10/2020