

## Anston Parish Council Internal Audit Year-End 2021-22

### Introduction

My role as your internal auditor is to ensure that there are robust controls in place which confirms that the council is functioning effectively.

Internal auditing is an independent, objective assurance activity designed to improve an organisations operation. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

For larger councils having at least one visit other than the year end one is good practice. I conduct two audits per year for Anston Parish Council, a year end visit and a mid-year one. Simply having one audit at the year-end it not sufficient owing to the pressures of the completion of the Annual Governance and Accountability Return (AGAR).

The areas to be examined at this visit are listed below. The programme is only a guide and can be changed to suit the emerging needs of the Council. The audit started with a discussion with the Parish Clerk Chris Pilkington and the Responsible Financial Officer Michael Gazur.

### Year End Audit Programme

- 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
- Completion of the Annual Governance and Accountability Return (AGAR)

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

### The Audit

At the beginning of all audits there is a discussion concerning the implementation of the recommendations from the previous internal audit report. The notes from this discussion are in italics next to each recommendation.

### Recommendations from the last report

- DPI's to be published on the Council website as soon as possible. *This has been actioned.*
- Code of Conduct to reflect that it is that of Anston Parish Council having been adapted from the Rotherham Council Model. After the completion of the audit

Chris contacted me to say that this was now in hand, but I will check at the next audit. *Chris and I discussed this, and the Rotherham Council Code has been adopted and he is waiting for them to send revised DPI forms for Anston Parish Councillors completion.*

- The formal system for the documenting of internal controls to be implemented and the evidence placed in the audit file in readiness for both internal audits. *This has been actioned.*
- A timetable for the updating of all policies annually to be implemented. This was recommended at the last audit and has yet to be actioned. *This is on the May 2022 Full Council Agenda.*
- To monitor the funds in the current account, to maximise interest accrued, minimise interest charges being levied and to ensure compliance with the Financial services compensation Scheme. *This has been actioned.*
- Appraisals. These have not been actioned yet and progress will be noted at the audit. *Chris updated me with the current situation and that work is being carried out to update the current Appraisal form which is more akin to Local Government usage.*
- To ensure that Anston Parish Council retains the required control for the effective management of the flood recovery project paid for by grant funding. *This has been actioned and the current partnership working with other Councils is proving effective.*

### External Audit Opinion

The External Auditor Report for 2021/22 is on the website. There were no matters arising and the proper notice for the publication and availability for the public inspection of the accounts was completed correctly. I found this area to be satisfactory.

### Examination of the Council minutes since the last audit

I examined the minutes which had been published on the website from September 2021 to March 2022. I noted the progress on the projects such as the Old Library building, Hillcrest, the Cemetery extension, and the replacement of the playground equipment.

Progress is being made but slowly and in my view the Clerk is spending a lot of his time on administrative tasks and his time would be better spent on being able to push some of these issues forward. During previous audits I have discussed the appointment of an Administration Officer. There is money in the budget for this post and now that life is getting back to some semblance of normality and face to face interviews can be done it is a good time to get this post filled.

Other items noted were that The Council is to apply for accreditation under the Local Council Award Scheme. This is an excellent idea and is a bench mark of a Council's effectiveness. This is not a quick process as it's a detailed procedure.

The Council has 4 Councillor vacancies out of its total of fifteen. This was five until recently and that is a concern to ensure that going forward meetings are quorate etc. Chris explained that everything was being done to recruit more Councillors.

I noted again that a reference was made in the minutes regarding the relationship between the Parish Council and The Recreation Ground Charity, I will cover this in my Independent Examination of the Recreation Ground Charity procedures and accounts later in the month.

I noted that a Councillor had apologised for not declaring his directorship of a community-based organisation. I checked his DPI to ensure that it had been documented. I found that it had not and this omission needs addressing. All Councillors should ensure that their interests are included on their DPI's. It is a councillor's responsibility to do so and therefore to ensure that they can properly declare all interests at every meeting.

There was a positive item in the minutes that the security arrangement required for the past few years at the Council meetings have now ceased. This is good news in that Council can conduct its business without this and it will be a future budget saving.

#### Financial testing since the last audit

I checked the bank reconciliation for the year end, to the cash book and bank statements and found it to be correct. I sample checked ten invoices from November to March 2022 and found them to be for appropriate council expenditure. Using the Scribe software makes this a user-friendly exercise with excellent audit trails.

At the year end the Council had £410,044.78 in its bank accounts. As the Council exceeds the threshold of £200k for transactions it must report its financial data on an income and expenditure basis. This requires a process of year-end adjustments to ensure that transactions are accounted for in the correct fiscal year.

Michael provided me with the necessary information regarding creditors and debtors at the year end. Chris asked me my opinion regarding the year end guidance on preparing the AGAR as the guidance from the Practitioners Guide this year states that excessive accuracy was not required when preparing year-end adjustments.

I am assured that the current processes ensure that the Council is aware of its pre year end transactions and in normal circumstances should not require to make a payment after the year end has been closed. Chris stated that the Council is adopting revised Financial Regulations and would like to include a note as to what a reasonable level of materiality would be. A level of materiality is linked to the turnover of an organisation, but I would not feel confident in recommending a figure. I said that I would seek further advice and would get back to Chris later.

#### Ensuring that robust financial controls remain in place.

Ensuring that a Council maintains adequate and effective system of control systems is pivotal to its operation. One of these controls is that the Council employs an effective auditor the other is to ensure that it has a system of internal control which is designed to prevent and detect fraud and corruption. These controls should be checked at least twice a year and documented evidence should be given to the

auditor during the internal audit process. This had not been in place for the last audit, but the Council has now implemented a system of control. The controls are now checked monthly and from my examination I concluded that they were effective. Councillors are now completing checks and asking questions regarding budget and consequently getting more involved in the financial processes which is excellent practice.

#### Financial policies and procedures

The Standing Orders were revised in July 2021 and the Financial Regulations in February 2022. This is good practice as these documents should be reviewed and minutes annually.

#### The Asset Register

The Asset Register used for the year-end purposes remains the same as last year at £1,302,942. I found this area to be satisfactory.

#### Completion of the Annual Governance and Accountability Return (AGAR)

I noted that the Council had correctly provided for the exercise of public rights on the Council's website. As part of the audit process, I complete page 3 of the AGAR. This contains a listing of internal control objectives, and my audit determines if they have been achieved. I found a good accounting system in operation, and I was able to tick all areas of this page of the AGAR positively.

#### Conclusion

My audit concluded that there are good systems of financial control in operation. The recommendations from this audit are listed below.

- Consideration to the timely appointment of an Administration Officer.
- It is a Councillors individual responsibility to ensure that their DPI's are up to date. My audit noted that one Councillors was not so this needs addressing.

This is my final audit as I am retiring. I would like to thank Chris and Michael for their help during the audit process and to wish Anston Parish Council all the best in the future.

Diane Brown Anston Parish Council – Internal Auditor 13/05/2022