

Anston Parish Council Mid-Year Internal Audit Year-end 2020-21

Introduction

Unfortunately, internal audits continue to be delivered remotely. The issues surrounding COVID-19 have not been fully resolved, I am hopeful though, that the mid-year audit for 2021/22 will be a physical one.

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. This was an excellent opportunity to discuss the current situation at Anston Parish Council and to scope the audit based on the agreed audit programme.

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 italic next to each recommendation.

Recommendations from the last report

- 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. *A Parish Plan is being considered but there have been improvements to the current system in that all new councillors are given an induction pack and a training policy has been agreed for both staff and councillors. One of the advantages of holding meetings remotely is that there has not been any code of conduct issues to contend with.*
- Missing DPI to be included on the website. *This has not been actioned yet. Chris puts a link from the DPI's on the Rotherham Council website to the Parish Council (PC) one but the Rotherham one has not been updated. It is useful to put the DPI's on the PC website independently rather than waiting for Rotherham Council to update theirs.*
- Rationalisation of the Council's bank accounts and an Investment Strategy *This was discussed and is currently being implemented.*

Programme 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 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 emerging 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
- 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.

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 I examined all minutes from November 2020 to March 2021 and the resulting queries I had from them were discussed with Chris and Michael.

From the examination of the minutes, I noted any developments with the list of projects that Anston Council is trying to push ahead with. On my first audit of the Parish Council Chris gave me a list of them and at each subsequent audit I have asked for an update. Chris explained the current issues with each one and where progress had and had not been made.

The Council continues with its application for the accreditation of the Local Council Award (foundation level) and hopefully this will be delivered soon.

I noted that, owing to being inquorate, the Allotments Committee has not met for some time. The meetings are arranged but members are not attending. I noted that the Allotment Committee are to appoint 2 non councillors, and that allotment software has been purchased. Presumably, the in-ability of the committee to make decisions is holding up any progress in this area.

Financial testing since the last audit

I checked the bank reconciliation for December 2020, to the cash book and bank statements and found it to be correct. I sample checked 12 invoices from November 2020 to February 2021 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 for 2020/21 the Council had a total of £324,742.36 in its bank accounts. The amount in the cash book at the year-end is £322,175.33, the resulting difference of £2,567.03 is accounted for by the direct debit to South Yorkshire Pensions Authority.

Ensuring that robust financial controls remain in place.

I have said before that I am impressed with the Scribe system, it is user friendly and easy to navigate. All councillors are given user access rights to it so they can ascertain for themselves the Council's financial situation. I noted that the system for councillors completing regular financial checks has continued remotely during this time. There are robust controls in place, and I consider that they could be further improved by documenting what they are. By implementing a formal, documented process the Council can assess the current controls on a periodic basis to ensure that they continue to be fit for purpose. I have given Chris and Michael a template for this exercise for their consideration.

Financial policies and procedures

As part of the accreditation process for the Local Council Award Scheme, the Council is refreshing its Standing Orders and Financial Regulations. These were last updated in 2019. Chris stated that this would be an agenda item in May 2021. We further discussed that it was good practice to refresh all such pivotal documents each year. This is a time-consuming exercise and there are better times of the year to complete this task. It is recommended that that an achievable timetable for the updating of policies is considered. Refreshing all policies in May is difficult because it is such a busy time in a Clerk's calendar. Completing this exercise at staggered and less busy times of the year would make it an easier process.

Asset Register

In common with many of my peers I find the asset register requirements for the population of the AGAR a little perplexing. For parish and town councils only, the assets are listed and are not changed until they are sold or written off. Usual requirements such as depreciation and revaluation are not included and

consequently many small councils keep 2 registers, one which gives a more realistic value of their assets and the other being maintained for the AGAR.

During this audit, the examination of invoices triggered a question regarding the asset register. I noted that only the items of land and buildings is detailed on the asset register I have noted before. Other assets such as gates, benches and IT equipment are on a separate register. Currently the items on this register total £70,500. Many of the items listed are those that usually form part of the information for the AGAR. When asking Chris and Michael what the policy is for what is listed in each register, I discovered that this was not noted anywhere, and the compilation of the registers has an historical context.

It is recommended that the rationale for what items is to be included for the asset registers is documented in the Financial Regulations. One of the purposes of an asset register is that it is a control document determining not only the location and value of an asset but a risk assessment as to how it can be protected. This should include regular physical checks and its inclusion in the Council's insurance arrangements.

Completion of the Annual Governance and Accountability Return (AGAR)

The AGAR year end process states that as your internal auditor I must ascertain that the control objectives were achieved throughout the financial year 2020/21. I found excellent audit trails for an effective accounting system in operation. I was therefore able to tick all areas of the Internal Audit page of the AGAR positively.

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

There has been some progress in this area, and I will defer it to the next audit. I noted that a new system was devised for appraisals and in discussion with Chris I was told that this was not being used and the original appraisal system is being used instead. Two appraisals have been completed as at the date of audit.

Anston Parish Council Recreation Ground Charity Trust.

This is carried out as a separate audit and is planned to take place on the 28th of April. As part of the completion of the AGAR I must note that the council met its responsibilities as Trustees. From looking at the Charity Minutes and in discussion with Chris and Michael I have noted no change in the previously good systems in operation. Although a detailed audit will take place on the 28th as scheduled I felt I could tick the AGAR positively.

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. Since becoming the Council's internal auditor, I have owing to the Pandemic not

being able to visit the Council offices yet. I look forward to doing so in the Autumn for the mid-year audit.

The recommendations from this audit are listed below.

- Missing DPI to be included on the website.
- Timely completion of all appraisals, this will be covered at the mid-year audit.
- The problem of the Allotment Committee being inquorate to be resolved.
- A formal system to be implemented for the documenting of internal controls.
- A timetable for the updating of all policies annually to be implemented.
- Consideration as to which assets need to be included in the Council's asset registers and the basis of their inclusion. For example, only assets of a certain value, determining what that benchmark is and the risks attached to any items not being included.

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. My next visit will be in Autumn 2021 and will hopefully be a physical one.

Diane Brown Anston Parish Council – Internal auditor 21/04/2021