

Internal Audit – Wreningham Parish Council April 2021

Covers the accounts for 01/04/20 to 31/03/21 and internal controls between those dates

Audit Approach

The duties of internal audit relate to reporting on the adequacy and effectiveness of an authority's system of internal control. This internal audit is therefore focussed on two key aspects of the Council's procedures: Financial Regulations and Risk Management. Audit undertaken 15 April 2021.

This audit included a check of:

- Bank payment and income records and practice.
- The Clerk's expense record.
- Spend approvals, including cheque stub signatures and Council minutes.
- Accuracy of the annual accounts/financial statement.
- Adherence to the Council's Financial Regulations.
- The 2020/21 budget/precept calculations.
- The currency of the council's policies and procedures, including the asset register and the risk assessment.
- VAT returns.
- Financial reporting to the Council.
- Contract procurement.
- Employment matters.

Audit issues not relevant to the Council and hence not covered: Petty cash and investment and loans.

Summary Conclusion:

I gauge the Council's internal controls remain *'adequate/good'* overall but the WPC website requires improvement to more fully meet the DCLG Transparency code for smaller authorities.

Detailed Conclusions and Recommendations

1) Book-keeping, Bank Reconciliation and Year-End Financial Statements

1. WPC maintains an easy to follow, thorough and reassuring track of its financial transactions and balances.
2. Checks found the WPC cashbook reconciles with bank statements.
3. Periodic and year-end bank reconciliation was properly carried out and reported.
4. Checks show the year-end financial report provides a clear account of the WPC financial performance and balances.
5. WPC should be openly holding itself to account by its local community for its expenditure and actions; this is a clear requirement of the 2015 Transparency Code for Smaller Authorities. This includes ensuring easy access to financial reports, annual accounts, internal and external audits, details of all items of expenditure over £100, list of councillor responsibilities etc. WPC mostly meets the requirements of the code but needs to attend to scope and details. For example, the public's rights of inspection need to be made clear on the WPC website, such as the 30 day right to look at and comment on the year-end accounts.

2) Application of Financial Regulations including Payment Controls

1. Checks show good overall application of WPC Financial Regulations and Payment Controls; although there were a few minor lapses regarding the authorisation of spend:
 - a. No double initialling on cheque stub 100313;
 - b. Cheque stub 100302 was authorised off for £24 but received formal approval in the WPC minutes for £20;
 - c. The invoice sheet for cheque stub 100303 only had 1 initial authorising it.
2. The 2021/22 precept calculations were discussed and agreed in line with policy.
3. VAT returns/reclamation were undertaken in line with HMRC practice.

3) Risk management arrangements

My aim here is to ensure that WPC has put in place appropriate arrangements to identify potential areas of risk whilst also ensuring that appropriate arrangements exist to monitor and manage those risks.

1. Play inspections are reported to WPC and acted on.
2. Risk assessments are current (General Risk last updated March 2021). No Tree Warden Inspections have been undertaken, the Tree Warden position remains vacant.
3. Local Council insurance remains in place.
4. WPC shaped its decision-making processes to function effectively when faced with extraordinary constraints such as the current Covid-19 pandemic making physical meetings impossible.
5. The time resource devoted to the WPC Clerk looks stretched and warrants a review by WPC.

4) Payroll records and controls

1. The Clerk's wages and expenses are clearly tracked, approved and signed off as part of the WPC financial control process.
2. Appropriate PAYE and NIC practice is in place.

5) Asset and investment registers

1. The PPM shows the Asset Register was updated in March 2021.
2. The 'figures insured' in the insurance schedule covers the replacement values in the Asset Register.

6) Policy and Procedures Manual (PPM) – Corporate Governance

1. WPC operates a planned and traceable means for reviewing and updating its policies and procedures.
2. All relevant policies and procedures were reviewed and updated as necessary during 2020-2021, however:
 - Not all policy reviews were formally approved and documented in the WPC minutes, for example: Asset Register, Community Engagement, and Tree Management.
 - The Equalities Policy was reviewed in November 2020 but the copy in the policy manual has a footer saying reviewed in July 2018.
 - The Community Engagement Strategy footer says reviewed in November 20237.

7) Contract procurement - Nothing to report.

8) Employment matters - review of pay, contract of employment, training

1. The Clerk has an employment contract, access to suitable training and meets periodically with the WPC chair to address issues.
2. PAYE, NIC and Clerk's expenses are addressed appropriately.
3. Suitable insurance to cover the Clerk working from home is in place.

9) Limited Assurance Review of the WPC AGAR

WPC confirmed its Annual Governance and Accountability Return (AGAR) and its Certificate of Exemption for 2020/21 at its 8 September 2020 meeting.

10) Moving forward – action points:

WPC needs to:

- Improve its website to ensure full compliance with the DCLG Transparency Code for Smaller Authorities and facilitate general update.
- Review the adequacy of Clerk funded time to meet its needs and requirements.
- Ensure all authorised payments receive dual signatures on cheques and invoices.
- Consider if internal audit could do more, or different, to aid councillors.

Prepared by Trevor Wadlow
(The Council's Internal Auditor, 15 April 2021)

Trevor Wadlow