

INTERNAL AUDIT REPORT

TO

NAPTON PARISH COUNCIL

FOR THE FINANCIAL YEAR

2021 - 2022

Prepared by: Bill Robinson

Issued June 2022

Contents

		Page
1.	Statement of responsibility	2
2.	Detailed findings	3 -6
3.	Conclusion	6

Statement of Responsibility

The audit work I have undertaken was carried out based upon the Internal Audit Scope agreed with Napton Parish Council Clerk/RFO

This report has been prepared solely for Napton Parish Council's use and should not be quoted in whole or in part. No responsibility to any third party is accepted as the report has not been prepared, nor is intended, for any other purpose.

The matters raised in this report are only those which came to my attention during the course of the audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The Parish Council should assess recommendations for improvements for their full impact on the Parish Council's budget, financial regulations, standing orders, risk assessments, and any other activities before they are implemented.

The responsibility for a sound system of internal control rests with the Parish Council and therefore audit work performed by the Internal Auditor should not be relied upon to identify all circumstances of fraud or irregularity should there be any, although these internal audit procedures are designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas that are considered to be of greatest risk and significance. Effective implementation of Internal Audit recommendations by the Internal Auditor to the Parish Council is important for the maintenance of a reliable internal control system.



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Napton Parish Council Internal Audit

This Internal Audit was carried out with the new Clerk/RFO on 20th May 2022.

Accurate book keeping

- Income and expenditure entries to the cashbook were checked and found to be up to date and correct.
- All payments and receipts were found to be correct and supported by documentation
- All payments were supported by the proper authorisation from the Parish Council
- All receipts for Napton Parish Council accounts, were banked in a timely manner
- Bank reconciliation – this was checked and found to be correct on a monthly basis.
- In addition an audit trail of the following was carried out

For year 1st April 2021 to 31st March 2022

TN Number	Payment	Minute Ref.	Payee	Amount
1	BACS	26/04/21 page 2305/9	Edge IT Systems	£48.00
10	D.Debit	26/04/21 page 2305/9	E.ON	£400.67
14	BACS	04/05/21 page 2309/10	WALC	£496.00
27	BACS	07/07/21 page 2313/8	F.Mann	£1143.60
32	BACS	07/07/21 page 2313/8	Meztec	£726.47
37	BACS	07/07/21 page 2313/8	F.Mann	£1837.20
46	BACS	02/08/21 page 2318/10	E.ON	£267.14
56	BACS	04/10/21 page 2325/10	Came & Co.	£2390.15
60	BACS	04/10/21 page 2325/10	WALC	£90.00
63	BACS	01/11/21 page 2328/10	PKF L'john	£360.00
65	BACS	01/11/21 page 2328/10	NSA	£2560.00
67	BACS	01/11/21 page 2328/10	Napton Bowls Cub	£500.00
81	Ch.300056	06/12/21 page 2335/10	RBL	£42.00
89	BACS	10/01/22 page 2341/11	Play Inspection Co.	£324.00
95	BACS	10/01/22 page 2341/11	A.Dollar	£264.00
103	BACS	07/02/22 page 2344/12	Chagos Consult.	£70.00
105	BACS	07/02/22 page 2344/12	E.ON	£262.24
110	BACS	07/03/22 page 2348/13	WALC	£30.00

All payments were found to be matched to the individual bank statement, invoice, and minute reference.

The Parish Council must be aware that payments to the Royal British Legion must be made under Sec.137 legislation.

All audit trails were satisfactory.
It was noted that the Parish Council utilises the Unity Trust Bank.

Given that all payments are now made electronically it is imperative that the Parish Council scrutinises its security systems on a regular basis to ensure that the payments system is still secure.

It was noted that minute 06/09/21 page 2320 is signed but dated 19/4/22, whilst it is not unlawful to sign minutes at a later date an explanatory note would be beneficial.

Year End Accounts

The year end accounts for the financial year 2021 -2022 were checked and were found to be arithmetically correct and in agreement with the financial records shown by the Clerk. These accounts were properly reconciled to the bank statements.

Annual Governance and Accountability Return 2021-22 page 3 The Internal Audit Report of that document was completed and signed by the internal auditor prior to being sent to the External Auditor.

Receipts and payments

These were checked and found to be arithmetically correct, and in accordance with the bank statements.

Income Control

It was noted that receipts were banked promptly, and the Edge IT Systems financial package checked against the bank statements.

All VAT repayments are made on an annual basis and will be made for the 2021-22 year as circumstances and time permit

Budget and Precept

It was noted in the minutes of the 10/01/22 meeting that a budget and precept calculation for the financial year 2022-23 was produced for discussion outlining a suggested precept figure for the 2022-2023 financial year, this was approved.

It was noted in the minutes of the 4th May 2021 meeting that signatories to the Parish Council bank accounts, and building society accounts were approved – it is good practice to review signatories regularly.

It was noted that a monthly bank transaction list for the Unity Trust Bank account was produced – this is good practice.

It was noted that an annual reconciled bank account statement for the Skipton Building Society account was produced – good practice.

It was noted that a quarterly review of Napton Parish Council accounts is undertaken by the Clerk and 2 Cllrs – this is good practice.

It was noted that Napton Parish Council has no outstanding loans.

AGAR

It was noted that the Annual Governance and Annual Accounting Statements for the financial year 2021 – 2022 have not yet been approved (will be approved at the next Parish Council meeting).

General Power of Competence

It was noted that Napton Parish Council does not have this power, it would be in the Council's interest to consider the acquisition of this power. It was noted that the new Clerk/RFO intends to complete the CiLCA qualification to enable Napton Parish Council to obtain the GPC.

Petty Cash

It was noted that there is not a petty cash element within Napton Parish Council accounts, and this fact will be reported to the external auditor PKF Littlejohn in a separate letter.

Financial Regulations

It was noted in the minutes of the meeting on 04/05/2021 that the Financial Regulations were confirmed and approved.

It was noted that the Financial Regulations were seen on the Parish Council website

Standing Orders

It was noted in the minute of the meeting on 04/05/2021 that the Standing Orders were reviewed, amended and approved.

It was noted that the Standing Orders were seen on the Parish Council website

It was noted in the Standing Orders that item 3k still states that recording of the meeting is not permitted except with the Parish Councils permission. This item should be removed as anyone can record a Parish Council meeting without the approval or even the knowledge of the Council – see Openness of Local Government Regulations 2014, as shown on the parish Council document Protocol on Recording and Filming of Council and Committee meetings. It would be in the Parish Council's interest to download the latest NALC model Standing Orders for study and approval.

Asset Register

Napton Parish Council has an asset register which has been seen and the total sum of the assets matches the figure on the AGAR year end statement and the insurance document

Minutes of the Parish Council meetings

All minutes were checked, and found to be satisfactory, with no evidence of any unusual activity.

It was noted that in the minutes of the meeting on 4th May 2021 page 2308 still has draft noted across a page signed by the Chair.

It was noted in the minutes of 4th May 2021 item 5 that representatives were appointed to outside bodies

It was noted in the minutes of the meeting on 6th September page 2321 item 9 that a representative from Napton Parish Council was appointed to NEAP – it is good practice to formally appoint representatives to outside bodies.

It was noted that all minute pages shown have a handwritten page numbering system, it would be easier for the Clerk/RFO if this numbering system can be automatically generated by a programme within the Council IT system.

It was noted that the Parish Council correctly goes into a closed session to discuss staffing issues, however the exclusion of the public and press must be by resolution (proposer and seconder, with a majority vote) in line with the Public Bodies (Admissions to meetings) Act 1960

Agenda

All agendas were checked online and found that that a formal summons to the meeting signed by the Clerk has been added.

It would be advantageous to list all payments for approval on the agenda so that everyone knows what payments are to be made, and to formally add a proposal to approve payments (seconder if necessary)

Insurance

It was noted in minutes of the meeting on 05/10/2020 item 9 that the Parish Council has entered into a 3 year agreement with its insurer – it is good practice to enter into multiyear agreements where this arrangement can gather a saving.

It might be in the Parish Council's interest to look whether a "key worker" element is in the insurance cover to insure against extra staff costs should the clerk/assistant become indispose.

Asset Register,

This was checked and found to be in line with box 9 of the AGAR and the insurance value of the asset

Internal Audit Review

It was noted that a summary of the internal audit report for the financial year 2020-2021 was added to the Parish Council website.

It was noted that an Internal Auditor for the financial year 2021-2022 was approved.

Payroll

It was noted that Napton Parish Council still deals with its own payroll requirements, and that all income tax, NICs, and pension obligations are met.

Risk assessment

Financial Risk assessment:-

The risk assessment document was seen and it covers the risks to the Parish Council finances, however there is no assessment of the risk to the Parish Council should the Clerk/RFO suddenly be unable to carry out her functions for a period of time. The Parish Council should look to the WALC locum Clerk scheme, and have details of other local council clerks in the area, and also consider whether a "key worker" clause could be inserted in the insurance document to cover any locum payments that may be made.

Most Risks to Council governance can be mitigated by ensuring the Clerk receives all necessary training

Physical Risk Assessment:-

It was noted that a weekly physical risk assessment of all play equipment is undertaken and recorded and filed by the Clerk– this is a good document and practice.

Sec.137 Payments

It was noted that payments within this power were within the statutory limit.

See note after audit trail regarding payments to Royal British Legion.

Napton Parish Council policies

Napton Parish Council policies were seen on the Parish Council website but it is unclear when they were reviewed for effectiveness (e.g. the protocol for Recording Of Meetings contradicts the Standing Orders (3k)) It would be in the Parish Councils to review all policies on a regular basis.

Where Parish Council policies exist a dating system will make regular reviews of the policies easier to record.

Parish Council Website

It was noted that Napton Parish Council website is in place and meets all accessibility requirements.

Conclusion

Whilst undertaking the Internal Audit, it became apparent that the previous Clerk/RFO has carried out her responsibilities in an exemplary fashion to the standard required by Local Government Finance Regulations, and that the current Clerk/RFO understands these requirements.

Where I have commented on future actions, these are not criticisms, rather only for Napton Parish Council to consider whether they are appropriate for the Parish Council


It will be noted that in the Internal Audit Report 2021/22 of the AGAR Return 2021/22 Part 3 the internal auditor marked item F as Not Covered. This does not imply that there is anything untoward regarding the Parish Council accounts, rather this is a response required by the external auditor and in the case of Napton Parish Council it means that there is no petty cash,

It will be noted that in the Internal Audit Report 2021/22 of the AGAR Return 2021/22 Part 3 the internal auditor marked item K as Not Covered. This does not imply that there is anything untoward regarding the Parish Council, rather this is a response required by the external auditor and in the case of Napton Parish Council it means that item K is not applicable to Napton Parish Council.

A letter to PKF Littlejohn to that effect has been added by the internal auditor

This concludes the Internal Audit

Signed.....



Dated... 1st June 2022