

Sarah Kearney, Parish Clerk
Middleton Stoney Parish Council
22 Exeter Road
Kidlington
OX5 2DY

9th May 2023

Elaine Anstee
16 Foxwood
Aston
Oxfordshire
OX18 2DZ

Dear Sarah,

For the Attention of Middleton Stoney Parish Council

Internal Audit Report 2022-23

I have carried out an internal audit review, acting independently, proportionally and basing this review on the requirements of the Annual Governance and Accountability Return for 2022-23 and JPAG Governance and Accountability for Smaller Authorities in England 2022. I have looked at the assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls that should have been in operation during the financial year ended 31 March 2023.

I use the guidance noted above to ensure that all internal audits are conducted with due professional care, integrity, and independence. Conclusions arrived at as part of the audit are based upon objectivity and evidence.

The internal audit is not a detailed inspection of all records and transactions of the Council to detect error or fraud. It is the periodic independent review of a Council's internal controls designed to support the development of effective and efficient procedures under the Council's control. The management of the Council's internal controls is the responsibility of the staff and Councillors and internal audit. (Reference: Governance and Accountability for Smaller Councils - A Practitioners' Guide 2021 – Section 4).

The basis of this audit has been carried out using the council's website and the form attached which was completed by the Clerk prior to the audit. The use of the website for the internal audit is to enable the internal auditor to have the Transparency Guidance integral to the process. The form and 3 months of financial transactions were checked by the internal auditor. The clerk and I met via Zoom on 17th April 2023 where the physically signed minutes that I needed to inspect was carried out.

Background

The clerk took on the parish of Middleton Stoney in early 2023. The clerk has already started to develop an action plan to be implemented in 2023-24 and is aware of the issues raised in the 2022-23 internal audit. The commentary below explains the negative response to the Internal Audit sections on the AGAR 2022-23 and to support the planned work.

Internal Control Objective A and B – There were no invoices to check to the payment schedules provided and the bank statements. There were no published minutes to demonstrate resolutions to make these payments.

Internal Control Objective C – There is no risk assessment or internal financial control document.

Internal Control Objective D – Though the budget was minuted there was no evidence of budget monitoring or analysis of reserves.

Internal Control Objective E – there was no evidence provided to support that income was being receipted correctly or Vat, if applicable, managed.

Internal Control Objective H – there was no evidence of assets and investments being recorded and managed.

Internal Control Objective I – No evidence of periodic bank reconciliations.

Internal Control Objective J – Insufficient evidence to support this assertion.

Internal Control Objective M – The ‘exercise of public rights’ has not been published on the website and there was no evidence in the published minutes.

Recommendations to support the council in moving forward and achieving compliance for the 2023-24 AGAR:

1. RISK Assessment – This must be done as a matter of urgency to ensure that the council has proper controls in place and support the process of correct insurance levels for the council and its assets.
2. Internal Financial Controls Documents – To be created and minuted to support the risk assessment.
3. Electronic data back-up – it would be best practice to have an encrypted hard drive/USB with regular full data back-ups kept at a separate location to all other physical and electronic data. Currently everything is backed up to the ‘Cloud’.
4. Separately to the Risk Assessment the council’s physical assets should be visibly inspected twice a year and recorded in the minutes.
5. Financial Regulations are based on the NALC model ones and should be reviewed annually with reference to the JPAG Practitioner’s Guide. Latest issued in April 2023 for the 2023-24 year.
6. New code of conduct issued in 2022 and adopted both by OCC and CDC. As the council has elections in 2023 the new code will probably be issued to all councillors and should be adopted at the first meeting after the election. Training may be made available by CDC to cover the changes and would be recommended for attendance.
7. VAT Returns – there is a 3-year limit on VAT claims so these will need to be brought up to date this year.
8. Registration with the ICO.
9. As part of the year end process the significant variances should be published on the website.
10. The clerk has completed ILCA, one of the nationally recognised Parish Clerk Qualifications through the Society of Council Clerks, congratulations. The clerk has moved on to CILCA, which is excellent. I am sure that the council is fully supporting her in this as it will support the council in ensuring its governance is correct going forward.
11. Access the JPAG Practitioner’s Guide, Transparency Code and the Good Councillors guides via NALC and OALC.

This is not an exhaustive list, and the council should use the guidance in this letter, the attached analysis and last year's Internal Audit report as basis for assessment of risk, internal controls and making sure the action plan is effective.

In summary

The Council has been without a clerk/RFO for parts of the year, and this has impacted on the governance and financial actions of the council. There is now a clerk in place who can develop an action plan which I would recommend is presented to council for discussion and resolution as part of the risk assessment process and review of internal control procedures. There is opportunity for the council to quickly move forward with its governance and financial controls.

Yours sincerely

By email

Elaine Anstee BA Hons: Community Governance

Attachments:

Page 4 of the AGAR for 2022-23 - signed

Review Framework for 2022-23

Invoice Number EAA/2023/0012