

Internal Audit Service

Shardlow and Great Wilne Parish Council

Statement of Matters Arising and Recommendations – 2021

During the internal audit carried out for the above Council, the following matters arose. These matters arising should be reported to Council. It is recommended that the action noted against each item be taken by the Council/Clerk.

There were a number of Internal Audit objectives that were answered No (or Not Covered) these are itemised below with implications and recommended actions,

Internal control objective	Matters Arising	Recommended Action
C	<p>There is evidence of a risk register and risk management dated March 2020 but no evidence that the council adopted this in the minutes. In addition, there is no reference in the minutes that any of the risk management items documented were carried out. The following items are documented within the risk management / risk register but not referenced in any of the minutes throughout the period:</p> <ul style="list-style-type: none">• Risk inspections• Tree Inspections• Footpath Inspections• Monthly inspection of play equipment• Defibrillator inspection	<p>Fully review the risk register and risk management, adopt and minute at Full Council meeting and evidence that the council are actively managing their risks via monthly minuted reports / documented reports. Also advise several Councillors, Clerk and Caretaker to attend training on risk management. As per your Standing Orders, all policies and risk management should be reviewed and adopted by the Full Council at the May meeting each year – advise to follow your SO</p>
F	No petty cash system in place	NA
H	Asset and Investment registers were complete and accurate and properly maintained – there is a discrepancy between the previous year AGAR return(2019-20) and the current year Asset Register Amount	The Council completes a full review of their assets and explains the variance
I	Periodic bank account reconciliations – no evidence within the minutes that this occurred	Ensure that quarterly bank reconciliations to the cash book take place or are noted in the minutes
L	The authority has an annual turnover exceeding £25,000	NA
M	There is no evidence on either the website or within the minutes confirming the dates set for the period of exercise of public rights for 2019-20	Ensure that the council is compliant with the public rights for 2020-21 and minutes the dates set as well as publishing the notice on the website

N	There is no evidence on the website that the authority complied with the publication requirements for 2019-20	Ensure that the council is compliant with the publication requirements for 2020-21 by publishing on their website
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In addition to further support the findings of the Internal Audit, the DALC Internal Audit Checklist (2021) was used as a reference point with matters arising and recommended actions for the council to resolve. (see scanned copy of the DALC Checklist for further information)

DALC Checklist Ref Nu	Matters Arising	Recommended Action
1.3	Evidence of Internal Control – no quarterly bank reconciliation took place due to Covid – this leaves the clerk / council exposed for incorrect payments and receipts. The monthly budget v actual and bank reconciliation and scanned invoices was emailed to the councillors monthly is good evidence but is not minuted	Posting / scanning the quarterly invoices, bank statements and cashbook to a councillor to reconcile.
2.1	Standing Orders are on the website but require updating due to leaving the EU and re-adoption	They require updating with the new awarding of contract information since leaving the EU
2.2	Standing Orders reviewed at annual meeting - No	No annual meeting due to Covid – ensure that SO for the annual meeting are adhered to and minuted as adopted and that the adoption date is noted on the website and within the document
2.3	Financial Regulations adopted March 2020 – No from the 2017 Model Regulations	Use the current model Financial Regulations as the basis, tailor to your council and add in the updates regarding contracts (leaving the EU)
2.5	Equal Opportunities adopted at Annual Meeting – Yes March 2019	No annual meeting due to Covid – but at the May meeting they must be adopted each year
2.7	List of members interests on website – No	Ensure that the website has a link to SDDC page of members interests
2.9	Purchase Orders raised for all expenditure – No	Advised that all orders should be authorised by a numbered purchase order, this is then stapled to the invoice with the original quote so that it shows that

		the quote, PO and Invoice all match
2.12	All committee terms of reference and have been reviewed – yes hard copy seen but not on website.	The Terms of reference do not match the minutes – they are referred to as committees not working groups. No TOR for Finance Committee or the Hall Committee. Also, the Employment Committee are only advisory – what happens when a grievance is raised as Full Council has already had to make a decision (needs reviewing)
2.13	Minutes and agendas for Council and Committee meetings for the past year are not all on the website – missing finance committee minutes	Add missing minutes to the website – ensure that all committee meetings (if they are committee's) are minuted and on the website. Once they are approved, the draft version should be removed, and the approved version should be uploaded stating approved
2.14	Council contact details and councillor information available online – Only for 6 Councillors but it states on the website there are 9 Councillors. I understand there may be vacancies, but I was not aware of 3 vacancies	Missing Councillor details should be immediately added to the website
3.2	Annual risk assessment carried out? No evidence within minutes at all. No evidence of adoption at May meeting	At the May annual meeting, there should be evidence that an annual risk assessment for financial controls, facilities, assets has taken place and that the council is satisfied that risks are being managed
3.4	No evidence of an annual insurance review	The Annual review should review the asset register, ensure that the insurance values in the policy cover the assets listed and minuted as such
3.5	Internal financial controls documented and evidenced – no evidence of any internal financial controls within the minutes – the clerk has stated that the invoices were scanned each month and sent to all councillors with the bank statements and the finance schedule	As per 1.3 and 3.2 above. In addition, a report on adequate financial controls should be presented to the council each year for their approval (forms part of the Councils governance)
3.6	Minutes initialled, each page identified and overall signed	Covid restrictions prevented this and was minuted as such. Missing pages 13 and 36 and no minutes for finance committee

3.9	Risk Management Scheme exists and is up to date – the scheme exists but is dated March 2019. There is no evidence that any risk assessments or checks have taken place throughout the year.	As per C above (AGAR internal audit section)
4.1	Annual budget to support precept – minute ref 183-2019-20 proposed budget and proposed precept increase (Nov 2019) min ref 229-2019-20 (Jan) stated precept request signed but no amount documented in the minutes or further reference that the budget for 2020-21 was approved by full council. There was evidence of a draft budget which has been used to monitor budget v actuals monthly – again sent to Councillors but not approved or noted within the minutes	Minute the budget lines for payments and receipts and minute any reviews of the budget and amendments. Produce a budget on the website with any updated versions throughout the year (see also D – AGAR internal audit section above)
4.2	Has budget been discussed and adopted by Council? Yes, but not enough evidence in the minutes	No figures, no reviews throughout the year documented in the minutes, budget should be on the website
4.3	No earmarked reserves	Advised to calculate a 2-9 month running costs and earmark. Also any projects that wont be completed in the current financial year could have monies earmarked.
4.5	Precept demand correctly minuted – No amount stated, and no evidence of the precept demand. The demand for 2021-22 is correctly minuted and evidenced	Continue with minuting the precept amount and best practice is to minute the equivalent Band D amount for the year
6.5	Updated Grievance and disciplinary procedure in place after October 2018	Advise to use Model Template available from NALC as this is out of date
7.1	The council does have an asset register but there is a large variance been the register and the amount stated on the 2019-20 AGAR. I have advised the clerk to contact the council for any historical knowledge for the amount on the previous AGAR and explain the variance on the AGAR Variance Spreadsheet or update the asset register if items are missing	Review assets and update register and AGAR accordingly
7.2	The asset register is dated March 2020	The asset register should be reviewed as part of the insurance review to ensure your insurance requirements are met (should be minuted) it should also be approved as correct at your May meeting and updated as you purchase any new items over an agreed amount (usually £100 apart from office stationary) Best practice is to have an insurance value for the asset and an External Audit

		Value (figures do not increase on the external audit value)
7.4	Inspected for risk and H &S – No evidence within the minutes	Advised to implement a risk management and risk assessments for all assets and H&S and document the results either in a separate folder with signed sheets or within the minutes and category noted within the minutes such as defib checked, benches inspected etc
8.2	Reconciliation carried out on receipt of statement – only carried out by the clerk due to COVID	Recommend that this could be actioned by a councillor The clerk has sends the bank statements, scanned invoices each month and a quarterly bank reconciliation. The cash book could also be sent to enable the reconciliation. Post COVID restrictions return to quarterly bank reconciliation
9.1	Year-end accounts prepared on correct accounting basis – Yes on payments and receipts but no year-end financial statement (only budget v actual)	Advise to produce a year-end financial statement (model template available) which should be approved by the Council and available to view on the website
9.3	Underlying financial trail from records to presented accounts – yes	Advise to include the Invoice number on the description. Also, with the allotment rent receipts do not include the plot holders name (GDPR)
9.6	Exemption claimed in 2019-20 but not displayed on the website	Advise to put on website asap under Finance Section
9.7	Are past 5 years of annual returns available online? No	Advise to put them on the website asap
9.8	Public rights provision – no evidence on website	As per M (AGAR internal audit) above – advise to put on the website asap
10.6	No evidence that public inspection of the council's accounts exists on the website	Advise to put these on the website where records can be found
10.8	Is there a training record? Yes, but more training is recommended	Advise to create a historic training record, all Councillors should as a minimum attend a new councillor training session plus any relevant courses appropriate to their responsibility / working group. Legislation

		<p>changes and training courses will enable the Councillors to undertake their role with confidence if they have attended recent training. As full council determines planning applications, and you are creating a parish plan – advise to all undertake planning training. Advise the council to support the clerk to undertake CILCA</p>
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Due to the number of matters arising, I would recommend that the Council appoint an Internal Auditor at the start of the year (from May) and that the Internal Auditor conducts an interim review to ensure that the matters arising have been addressed and further support the Clerk and Council where required. The CILCA qualification will enable the clerk and council to bridge the knowledge gaps that have been highlighted within this report (you only know what you know)

These matters arising should be reported to the next available meeting of the Council and any decision taken should be fully minuted.

Signed.....*Sheena Butcher*

Date.....08 June 2022.....