

**Rawdon Parish Council Remote Internal Audit report for the year ending 31st
March 2020**

Introduction

Owing to the lockdown caused by the COVID-19 Pandemic, internal audits for 2019/20 are being completed remotely. Prior to starting the audit process, I contacted PKF Littlejohn LLP, the external auditors appointed by the Government on the 24th of March outlining my approach for the completion of remote audits and received this in response.

Dear Ms Brown

Thank you for your email. Your proposed approach appears reasonable. If you are unable to carry out all of the work you usually do, we would recommend including details of any work you have not been able to perform as a result of the remote working conditions, in your report to the council. If you find it necessary to respond 'No' to any of the objectives listed on the AIAR section of the AGAR, please ensure information is provided in explanation. This is in line with usual practice.

Kind regards

SBA Team

For and on behalf of PKF Littlejohn LLP

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In addition, the advice from the Yorkshire Local Council's Association (YLCA), is to go ahead as normal with internal audits.

As a Local Government trained Internal Auditor with over 40 years of experience, I am in the position of having a good overview of the method of obtaining assurance which will be particularly useful for this purpose.

My scope as your Internal auditor is to ensure that there are robust controls in place which confirm that the council is functioning effectively.

Internal auditing is an independent, objective assurance activity designed to improve an organisation's operation. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The scope of this audit albeit it remote is to look at the policies and procedures currently in place, to examine financial transactions in 2019/20 and to make recommendations for improvement. The conclusions reached from the audit will be based on the information given to me by Lis Moore Parish Clerk and Responsible Financial Officer.

At the close of the audit I will complete the internal audit page of the Annual Governance and Accountability Return (AGAR). As usual the output from this audit which is my report should go to full council and be discussed and the recommendations considered.

The Audit

In line with my normal practise the audit began with an examination of the recommendations from my last audit. The actions taken regarding each recommendation is noted in italic.

- The Standing Orders and Financial Regulations document to be headed up to note its dual purpose. *Now actioned.*
- The inclusion of all receipts for income to be included in the audit file. *Now actioned.*
- The purchase of an SSL Certificate for the Council website. *Now actioned though when I looked at the website initially it was missing the essential padlock which notes that it is secure, this was an error on the part of the website provider and has now been actioned.*
- All invoices to be properly addressed to the Council in order that VAT can be reclaimed. *Now actioned.*

Council Minutes

I examined the minutes for the year being audited and noted the issues and challenges faced by the Council during 2019/20. One area of difficulty was that the minutes after October 2019 were not on the Council Website, but Lis provided them for me. I noticed at minute number FC 2019/91 that an order for a new website is being placed which should improve matters but it is useful to have a regular check that all information that should be on the Website is actually on it.

All queries and comments I made from the examination of the minutes were satisfactorily answered by Lis.

Councillor's DPI's

Rawdon Parish Council has 9 councillors, I looked at the website to ensure that all councillors had a completed Disclosure of Interest form (DPI). I found this area to be satisfactory.

Policies and procedures

Rawdon Parish Council has a combined Financial Regulations and Standing Orders Document. It is dated 2015 and as its good practice to regularly review such policies, it is recommended that this document is reviewed and refreshed in 2020/21.

The Risk Assessment Policy has been updated and Lis sent me a copy which I found fit for purpose.

I had noted good practice in my previous reports in that the Council had an effective system for reviewing its internal controls. Section 1 of the AGAR states that a Council must maintain an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and to review its effectiveness. This effective check is maintained by listing controls in operation and reviewing that they remain fit for purpose. Although I fully understand that the current situation has affected working processes it is disappointing that this essential check has not been

carried out in readiness for the audit. It is recommended that it is completed as soon as possible.

Appropriate books of Account

It is my usual practice to examine all payments from the year being audited but the remote process for the audit meant that I had to use a sampling process. I examined all bank statements for the year apart from July as this was not available. As I did not see the July statement, I was unable to ascertain that all cheque numbers followed on.

From the statements I chose a sample of 10 invoices for further scrutiny. I found that all invoices were properly addressed and for appropriate council expenditure. As they were satisfactory, I did not extend the sampling process.

At the year end there was £27,761.18 in the current account of the Council and £85,324.42 in the CCLA investment account. Unfortunately, the investment account statement was dated at the end of February 2020 and did not include the interest from March. However, the monthly interest accrued is only a few pounds and therefore not material. The 2019/20-year end carry forward is £113,085 which is more than twice the Precept and therefore requires noting. This amount includes ringfenced funds of £52,691.70 which is Community Infrastructure Levy (CIL) monies which the Council has five years to spend. The Council is budgeting for a capital project and therefore is prudently thinking ahead.

I also examined several bank reconciliations from the cash book to bank statements and found them to be accurate and timely.

I noted that the Council had claimed a VAT reimbursement in 2019 and I found this area to be satisfactory.

At the last audit I had noted that the Council was to embark on on-line banking, but I noted that most transactions were still being carried out by cheque. As the Council resolved to begin the process of on-line banking it is recommended that this area is looked at again.

I examined the Asset Register and found it fit for purpose as it had been reviewed during the year being audited.

Website

I noted some issues regarding the current website which I discussed with Lis. As the Council is to have a new website then it was agreed that further scrutiny of the current website was not required as it was being replaced. I noted in the minutes that steps were being taken to ensure that the new website will be compliant with the new Accessibility Regulations which come into force in September 2020.

Staffing

There have been no staffing changes since the last audit and part of my sampling check included staffing payments. This area was found to be satisfactory.

Annual Return

As part of my remit as your internal auditor I must ensure that the Council demonstrated that during the summer of 2019 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations. I check this by ensuring that the notice and the copy of the previous years AGAR is on the website. Unfortunately both are missing from the website, I was assured by Lis that the omission was due to the problems currently experienced by the website provider and that the examination of public rights was on the website and on the notice boards during the summer of 2019.

I found a good accounting system in operation and I was able to tick all areas of the Internal Audit page of the AGAR positively.

Conclusion

Although the audit was carried out remotely all areas of the Council's operation were considered. Below is a list of recommendations from this audit.

- A refresh of the Council's Financial Regulations and Standing Orders Document.
- Internal controls document to be completed as soon as possible and to ensure that in future this has been complete prior to my visit. Some Councils complete this exercise bi-annually which is good practise.
- To look again as to when on-line banking is to commence.
- When the new website is in operation to regularly check it to ensure that it includes all the expected documentation such as minutes, completion of the public rights and the AGAR.

I would like to thank Lis for her help during the remote auditing process and to wish Rawdon Parish Council all the best in the coming year.

Diane Brown- Rawdon Parish Council Internal Auditor 20/08/2020