

## Rawdon Parish Council Remote Internal Audit report for the year ending 31<sup>st</sup> March 2021.

### Introduction

Owing to the continuing problems caused by the Covid-19 Pandemic, I am continuing to complete internal audits remotely. Hopefully, this will be the last year end in which this has to be done this way.

My role as your internal auditor is to make sure that there are robust controls in place which ensure that a council is functioning effectively. Internal auditing is an independent assurance activity designed to improve an organisations operation. It helps an organisation accomplish its objectives by bringing a systematic and 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 2020/21 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. The audit will start with a zoom session to facilitate a discussion of the year being audited and all the necessary paperwork will be scanned and emailed to me.

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 italics.

- A refresh of the Council's Financial Regulations and Standing Orders Document. *Completed March 2021, and they are now on the website.*
- 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. *Latest review completed February 2021.*
- To look again as to when on-line banking is to commence. *Not actioned due to Covid-19 but unlikely to adopt in the short term as very few transactions.*
- 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. *New website being built by Vision ICT expected to be completed by the end of April 2021, it has been delayed because of Pandemic and staffing issues.*

## Council Minutes

I examined the minutes for the year being audited (July 2020 to March 2021) and noted the issues and challenges faced by the Council during 2020/21. This last year has been a strange one but it has been encouraging to see that Rawdon Council has continued to serve its community with carrying on with its business and holding meetings remotely with Christmas and other events being celebrated. Lis also said that members of the public had also attended the remote meetings.

## 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

One of the recommendations from my previous audit was the updating of the Standing Orders and Financial Regulations. This was completed in March 2021 and both documents have been uploaded on to the website.

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 in that the Council has 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 them to ensure they remain fit for purpose. My only recommendation is that this system could be further improved by being completed bi-annually. It is recommended that this check is carried out in October and February of each financial year.

## 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 the bank statements for May and June 2020 and January, February, March 2021. From these statements I chose a sample of 10 invoices for further scrutiny. I found that all payments were for appropriate council expenditure. My only comment is that the grant payment of £500 for the in-bloom grant should have a voucher in the audit file. Lis explained the circumstances around the payment and suggested this recommendation.

At the year end there was £37,456.33 in the current account of the Council and £85,540.24 in the CCLA investment account. The 2020/21-year end carry forward taking off un-presented cheques totalling £4,310.36 is £118,686.21. As the Precept for the year being audited is £43,200 this is twice the Precept and therefore requires an explanation to the external auditor. This amount includes ringfenced funds of £52,691.70 which is Community Infrastructure Levy (CIL) monies. CIL monies are

time limited, and the Council should be mindful that there remains 2.5 years to spend them. These funds are to be spent on the Car Park Project which according to Lis will cost in the region of £100k. There is currently an affordability gap between the CIL funds and the cost of the project. How this will be afforded and managed should be further discussed. The Public Works Loan Board are giving out loans to public organisations with low interest rates and could be an option. Capital projects such as this do take time to complete with tendering etc, so it is recommended that this is looked at as soon as possible.

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 March 2021 for £2,451.53 and I found this area to be satisfactory.

At the last audit, I had noted that the Council was considering on-line banking. I discussed it with Lis during our zoom session and she informed me that for the time being owing to the small number of transactions the Council was to continue with the use of cheques.

I examined the Asset Register and found it fit for purpose.

### Website

There have been improvements to the website which are ongoing. The new website will be completed by the end of April 2021.

### Staffing

During the year being audited there were 3 persons employed by the Council, one was a short-term post, and the person has left.

As well as Lis, the Council also employs Drew Moore, I noted that Lis and Drew have not had appraisals for some time, and it will be one of the recommendations from this audit that this is rectified as soon as possible.

### Annual Return

As part of the audit process, I complete page 3 of the AGAR. This contains a listing of internal control objectives and my audit determines if they have been achieved. I found a good accounting system in operation and I was able to tick all areas of this 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.

- The internal control checks to be carried out bi-annually in October and February.
- All payments such as the in-bloom payment to have an improved audit trail.

- The spend of the CIL monies is becoming more pressured and the Council should discuss timely the affordability and the timing of this capital project.
- Staff should have annual appraisals. This process is behind, and consideration should be given to them being carried out as soon as possible.

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 13/04/2021