

Internal Audit Report

(to be read in conjunction with the Annual Internal Audit Report in the Annual Governance and Accountability Return)

Name of council:	Kilby Parish Council		
Name of Internal Auditor:	Hayley Cawthorne	Date of report:	18/06/2021
Year ending:	31 March 2021	Date audit carried out:	22/04/2021

Internal audit is the periodic independent review of a council's internal controls resulting in an assurance report designed to improve the effectiveness and efficiency of the activities and operating procedures under the council's control. Managing the council's internal controls should be a day-to-day function of the staff and management and not left for internal audit.

The council is required to take appropriate action on all matters raised in reports from internal and external audit and to respond to matters brought to its attention by internal and external audit. Failure to take appropriate action may lead to a qualified audit opinion.

To the Chairman of the Council:

I carried out the year-end audit review of Kilby Parish Council on 22nd April 2021. Like last year, face to face visits are not allowed owing to the Covid pandemic, hence this audit was carried out remotely using Zoom.

Prior to this date, Tina Cox, the parish clerk, had kindly forwarded me both the end of year accounts and the completed AGAR Part 2 Section 2 form.

I reviewed the information available on www.kilbypc.org.uk before the remote meeting.

By examination of these documents and records plus further queries, with the clerk during our remote meeting, I tested aspects of the Council's internal controls as required for the Internal Audit section of the Annual Governance and Accountability Return (AGAR) Part 2, and notwithstanding the items noted below, I am satisfied that effective policies and procedures together with systems to manage, monitor and control the Council's business are in place. As a result, I was able to answer 'Yes' to all but two of the relevant questions on the AGAR and have signed as required. The questions warranting a 'No' are discussed in the report below and an explanation was given as to why I took this stance.

It is important to acknowledge that this internal audit is an audit of the Parish Council's internal controls and processes, and not an audit of how well the clerk is doing her job. A 'No' on the AGAR becomes the responsibility of the Parish Council to rectify, with the help of the clerk as your employee.

Noted this visit:

1. There were a number of points raised on the internal auditor's report 18/19 (in purple below) which have yet to be addressed. These are as follows:
 - a) It is recommended that the clerk's contract and associated documents (job specification and essential criteria) are reviewed. The LRALC offer templates as well as their job review service to assist with this.

The minutes do not document any review of the clerk's contract and the clerk confirms this is has not taken place. A responsible employer should carry out a review at least annually to ensure the contract in place is still suitable for both the clerk's and council's benefit.

It is suggested your internal auditor looks into this again next year.

- b) A recommendation to review that as an employer, the parish council is providing their clerk with paid annual leave as per the clerk's contract of employment. For example, a clerk employed and paid to work 4 hours a week for 52 weeks of the year amounts to 208 hours of work. However, on a pro rata basis, actual working hours per week should be 3.57 (assuming annual leave allowance of 28 days per year including bank holidays). To achieve a four hour working week a clerk would need to be paid for 4.5 hours.

The minutes do not document any review of the clerk's hours and the clerk confirms this has not occurred. As a responsible employer it is vital that the clerk is allocated enough hours in her role to carry out all the essential duties, as well as receive, by law, her allocation of holiday leave.

If the clerk is still doing 208 hours a year or more (current contract is 4 hours per week for 52 weeks of the year) flexibly i.e, more hours some weeks than others depending on when meetings, end of years, tenders, actions need to be completed, this means the clerk is not receiving her holiday allowance as the law suggests she should.

Any adjustment to the clerk's hours or hourly rate needs to be confirmed at a council meeting (this could be an exempt session) and minuted accordingly.

It is suggested your internal auditor look out for your review of the clerk's hours and holiday leave next year.

- c) There was no up to date risk assessment for the Parish Council available to view at the audit. This is the reasons why C. on the AGAR Internal Auditors report was marked with a 'No'. It is recommended that the Parish Council review their risk assessment as soon as possible.

C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input type="checkbox"/>	✓
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As this is the second year this has been marked as a 'No' please ensure this is remedied with urgency.

- 2. Kilby Parish Council's Asset Register was not available to view on the Parish website. The minutes support a resolution to adopt an updated version. Please can this be uploaded with urgency. As there was no up to date asset register to view at the audit, H on the AGAR Internal Auditors report was marked with a 'No'.

H. Asset and investments registers were complete and accurate and properly maintained.	<input type="checkbox"/>	✓
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-----As this is the second year this has been marked as a 'No' please ensure this is remedied with urgency.

- 3. The Standing Orders and Financial Regulations were updated and adopted in 2020. However, neither give detail around the changes in procedures as a result of the Covid-19 pandemic, such as the use of virtual meetings and moving to online banking. Albeit now the legislation to enable virtual meetings has not been continued, but it must be noted that in future any changes to the policies and procedures must be addressed in either the Standing Orders and/or Financial Regulations.

4. On inspection of the agendas, it is advised that more information is given regarding the decision/s to made rather than simply a generic heading for discussion with little or no indication on what decisions are going to be made.
5. When planning applications are to be discussed and comments drawn up in a parish council meeting, it is important that the details of the exact planning applications which will be discussed is included in the agenda. This is to ensure the parish council is open and transparent regarding discussions and subsequent support/ non-support and comments.

The decision on whether to support/not support a planning application, along with the comments submitted to the Local Authority, should be included in the meeting minutes.

This report is based on the evidence made available to me. It would be incorrect to view internal audit as the detailed inspection of all records and transactions of a council in order to detect error or fraud. Consequently the report is limited to those matters set out.

I would like to wish your council all the best for the year ahead.

Yours sincerely,

Hayley Cawthorne
 Internal Auditor to the Council
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The figures submitted in the Annual Governance and Accountability Return are:

	Year ending 31 March 2019	Year ending 31 March 2020
1. Balances brought forward	4,269 restated	9990
2. Annual precept	6,100	6394
3. Total other receipts	5,394	2367
4. Staff costs	1,891	2121
5. Loan interest/capital repayments	£0	0
6. Total other payments	3,882	5457
7. Balances carried forward	9,990	11,143
8. Total cash and investments	9,990	11,143
9. Total fixed assets and long term assets	50,736	50,286
10. Total borrowings	£0	0

The proper practices referred to in Accounts and Audit Regulations are set out in *Governance and Accountability for Smaller Authorities in England (2020)*. It is a guide to the accounting practices to be followed by local councils, and sets out the appropriate standard of financial reporting to be followed.