

## **Interim internal audit report – Willingham by Stow Parish Council**

An interim internal audit has been carried out which covers the financial period 1<sup>st</sup> April 2021 to 31<sup>st</sup> January 2022. The requirements of this audit were discussed with the Clerk and RFO. Documentation has been received remotely by email and by checking the council's published documents on the website. Lisa as Clerk and RFO met with me on 4<sup>th</sup> February to carry out a review of financial records and other associated documents.

The following areas of review were included in the scope of the interim audit

- **Governance**  
Review of the key governance documents of a local council including Standing Orders, Financial Regulations, Code of Conduct, complaints procedures and insurance cover for the council.
- **Transparency and requirements of the Transparency Code**  
Covering the council's transparency including but not limited to data protection procedures, spending authorisation and the council's publication scheme. This review also covers the council's requirement to publish documents and records so that it adequately meets the Transparency Code for authorities with a turnover of less than £25,000.
- **Accounting and bank reconciliations**  
Review of financial records, the cashbook and invoices to check that records are arithmetically correct and an audit trail can be found for a random selection of transactions. Bank reconciliations are reviewed and checked to ensure that they have been signed as appropriate by the council.
- **Budget and income**  
Covering the council's budgeting processes and its annual precept request.
- **Asset control and risk management**  
Review of the council's asset controls and risk assessment procedures.
- **Proper process and practices**  
This includes a review of the processes followed by the council in respect of its legal powers to act, the membership of the authority including whether co-options have been carried out appropriately, declarations of interest are recorded as necessary and registers of interest are published on the council's website.
- **Payroll and HR**  
A review of payroll processes and HR policies and procedures including ensuring that contracts of employment are in place for staff.

Areas excluded from the interim audit and to be carried out at the final end of year audit:

- **Year-end processes**
- **Additional review of transactions**

### The interim internal audit

The clerk/RFO should be congratulated for maintaining clear, accurate and robust documentation for the council's financial record keeping. The cashbook has been maintained throughout the year alongside records of invoices which provide a robust audit trail. Bank reconciliations are carried out regularly and presented to the council monthly whereby they are signed and countersigned by the Chairman and one other Councillor. A number of transactions were checked in this interim audit and there was a clear audit trail from the authority to spend as provided in the minutes of the meeting through to the payment made. Clear VAT records are maintained and the RFO administers a claim for VAT at regular intervals.

A small number of recommendations are listed below for the council to consider for its future working practice. In particular, the council should ensure that it meets the deadlines for approving the Annual Governance and Accountability Return (AGAR) and provides for the Public Rights Inspection Period appropriately in future years.

I am on the whole satisfied that the accounts and bank balances for the period ending 31st January 2021 are financially correct and that there are robust measures in place for good financial record keeping and that appropriate procedures are being followed for the period to 31<sup>st</sup> January 2022. I would like to thank Lisa for her assistance and support in carrying out this interim review.

Recommendations:

- Complaints Policy - last reviewed in 2011. The council should consider a more regular review of this document to ensure best practice is being followed with regard to complaints procedures.
- Financial Regulations and Standing Orders were both reviewed by the council in the last financial year. These documents should be fully tailored for use by Willingham by Stow Parish Council.
- Insurance cover - Advice has been given to the Clerk to check that insurance cover is provided for volunteers or Members over the age of 70 as this is often included within the small print of insurance documentation.
- Data protection – The council’s Data Protection Policy refers to further Subject Access procedures which are not published. The council should ensure that these processes are publicly available.
- Transparency - The council did not meet the requirement to publish the Annual Governance Statement, end of year accounts and the asset register by 1<sup>st</sup> July in the financial year ending 31<sup>st</sup> March 2022. These documents were published following a meeting of the Parish council on 8<sup>th</sup> July 2021 which means that the Council was not able to properly provide for the Public Rights Inspection Period which must include the first 10 working days of July. The council should ensure that documents are published according to the requirements of the Accounts and Audit Regulations 2015 and in line with the Transparency Code for authorities with a turnover of less than £25,000.
- Internal controls - The council’s internal controls are as shown in its Financial Regulations. The council could consider developing a separate internal controls document.

Mrs S Knowles on behalf of the Lincolnshire Association of Local Councils