

Review of the SALC Internal Audit Report for Knodishall Parish Council for the Year Ending 31 March 2021 held on 13 September 2021 between Chair J Staff and the Clerk H Brewell

Section 3 Payment controls

Recommendation: Council should be aware of its own Financial Regulation (FR) 4.1 which provides clarity on budgetary control and authority to spend along with FR 5.2 which provides details on the authorisation of payments at meetings and FR 6.6 which provides clarity on cheques or payments presented for signature other than at a council meeting.

KPC response: Believed to be payments that were approved when the council was unable to meet in person. Add to the Financial Regulations the procedure that the council followed.

Recommendation: Council should be aware that its own Financial Regulation 5.2 states that the approved schedule submitted at each meeting for approval of payments should be ruled off and initialled by the Chairman of the Meeting. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.

KPC response: The Clerk to include payment summary in minutes from August 2021.

Section 4 – Risk management

Recommendation: Council should note the requirement under the Accounts and Audit Regulations 2015 and in accordance with Proper Practices to have a clear statement on the Council's mitigation measures for the implementation of its risk strategy and ensure that it manages risk in accordance with best practice taking into account legislative requirements prevalent at the time. Council should understand that in reviewing the terms of reference and effectiveness for internal audit, it would have followed guidance and demonstrated that it recognises that the function of internal audit is to test and report to the authority on whether its system of internal control is adequate. Such a review should form part of the minutes and be carried out on an annual basis.

KPC response: Review of Internal Audit taking place 13 September 2021, and will be included in September agenda.

Section 5 – Budgetary controls

Recommendation: Council should note guidance as issued under the Practitioners Guide 2020 which states that an authority needs to have regards to the need to put in place a General Reserve Policy with explanations as to the high level of general reserves being held and to have evidenced that it has reviewed the level and purpose of all Earmarked Reserves.

KPC response: A review of reserves was carried out at the KPC July 2021 meeting.

Section 6 – Income controls

Recommendation: as identified in the internal audit report for 2019/20, Council should note its duty to comply with the CIL Regulations to produce an annual report that details the amount of CIL funds received, spent and retained for each year. Council should ensure that it complies with the timescales prescribed for the uploaded of such information on its publicly accessible website.

KPC response: All CIL annual reports are now on the KPC website.

Section 10 – Bank reconciliation

Comment: Council continues, as evidence of good financial practice, with the evidence of the bank reconciliations at each meeting being verified by the Parish Council which are then signed off by the Chairman of the Council. This not only safeguards the Responsible Financial Officer but also fulfils an internal control objective.

KPC response: Bank reconciliations are carried out on the monthly financial statements, and bank statements are included in the pack seen and signed by the Chair.

Section 11 – Year end procedure

Recommendation: as there were errors on the signed Certificate of Exemption and Accounting Statements submitted for internal audit, and as such the form was returned for amendments. The AGAR should be resubmitted to Council for approval and signature at a full Parish Council Meeting and the Certificate of Exemption should then be re-submitted to the external auditors at the earliest opportunity.

KPC response: The amended Certificate of Exemption was resubmitted for approval at the August 2021 KPC meeting and resubmitted to PKF by email on 27 August 2021.

Section 12 – Internal audit

The following matters were raised within the written report submitted: (those in bold are still outstanding)

3. Review of legal powers to incur expenditure
4. Review of the effectiveness of internal audit
5. Compliance with the CIL regulations
7. Review the setting of the dates of the period of exercise of public rights vis-à-vis the date upon which the Annual Governance Statement and Accounting Statement s are signed off
8. Consideration of the Annual Audit Letter from the External Auditor along with its publication
9. Registration with the ICO

KPC response:

3. The Clerk is to review relevant sections of the Financial Regulations.
4. Will be reviewed with these notes at the September 2021 KPC meeting.

5. Done.
7. Done.
8. The Clerk to chase up PKF.
9. The Clerk is to investigate registration with the ICO.

Recommendation: following the completion of the internal audit, Council should be aware that if it receives a report from the internal auditor, it should consider the matters included in this report and decide what action it needs to take to prevent recurrence of the issues raised. Internal and external audit reports should inform the council's response to Assertions 2 and 6 of the Annual Governance Statement. As the internal audit report identified areas for development, Council should ensure that it produces an action plan with proposed remedial actions and that the plan identifies the people responsible for delivering improvement and the deadlines for completion of the actions. Failure to consider the internal audit report should inform Council's response to Assertion 7 of the Annual Governance Statement.

KPC: A review of the internal audit has taken place between the Chair and the Clerk. These notes will be reviewed at the September 2021 KPC meeting.

Section 13 – External audit for the period under review

Recommendation: as Council has failed to consider both the internal and external audit reports, it should consider its response to assertion 7 of the Annual Governance Statement for 2020/21 – see recommendation above under Internal Audit.

KPC response: KPC responded NO to assertion 7 of the Annual Governance Statement for 2020/21.

Section 14 – Additional information

ICO - Recommendation: as this is an outstanding audit point from last year, Council should seek to address this issue in a timely manner.

KPC response: The Clerk is to investigate registration with the ICO.

GDPR - Recommendation: Council should ensure that it considers adopting a Data Protection Policy which details the framework that the public can expect for the handling of requests from individuals who have the right to know what data is held on them, why the data is being processed and whether it will be given to any third party. Council should also have procedures in place for dealing with data breaches.

KPC response: The Clerk is to investigate adopting a Data Protection Policy.