

Internal Audit Report

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

Name of council:	Little Addington Parish Council		
Name of Internal Auditor:	K Houlihan	Date of report:	28/05/2023
Year ending:	31 March 2023	Date audit carried out:	26/05/2023

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 council through its staff and management and not left for internal audit. 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. This report is based on the evidence made available to me and consequently the report is limited to those matters set out below.

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:

The audit took place on 26 May 2023, and I would like to thank Claire the Clerk for her assistance during the audit. Claire has only been in post since February 2023 and is to be congratulated on the work she has done to complete the year end accounts and AGAR. Prior to the audit I reviewed the information available on the council's website and documents supplied to me.

I reviewed the cashbook and year-end bank reconciliation; all was in order and the correct figures have been used to complete Section 2 (Accounting Statements) of the AGAR. The minutes show that regular bank reconciliations are conducted.

I followed the audit trail for payments made in January the audit trail is clear. Payments were supported by invoices and approved at council meetings, appropriate authority was in place to make the payments, and these were matched to bank statements. During the financial year the council reclaimed VAT for the previous two financial years and the Clerk is preparing a claim for the year ending 31st March 2023.

A detailed risk assessment was conducted in November 2022 and is appropriate. The council holds insurance with Hiscox and the Clerk is currently reviewing the insurance schedule against the asset register. The asset register is up to date and in line with figures declared on the AGAR.

The council does not hold petty cash, so this section was not covered.

Payroll is currently outsourced and appropriate deductions are made. I would suggest that this continues, partly to give the Clerk support, but also as outsourcing ensures a segregation of duties and is an additional internal control for the council.

In reviewing the information available to me I determined that the council has *not* satisfied the requirements of sections D, L, M and N within the Annual Internal Audit Report (AIAR) and I have marked those sections as 'no.' and I have explained the reasons for this below.

There is a regulatory requirement that a budget be agreed prior to a precept being set. There needs to be a deliberate decision at each stage and the minutes should be framed so that there is an unambiguous statement of the decision process and what that decision is. This can be achieved by structuring the agenda accordingly and repeating that structure in the minutes.

Little Addington Parish Council considered its budget and precept for the 2022/23 financial year at a meeting in December 2021 the minutes reads:

To Approve the 2022/2023 Budget and precept.

Resolved: Cllr Dollimore Proposed and Cllr Brown seconded – all Cllrs in agreement.

The Council approved the budget.

The minute does not state the precept set and there is no detail as to the budget. There are no supporting papers alongside the agenda or minutes to give any detail of how the budget was reached or what the precept was. I have therefore answered no to section D on the AIAR.

Since her appointment Claire has been unable to access the council's website. Therefore, information required under the transparency code had not been published, for example agendas and minutes issued after December 2022 are not available. I have therefore answered no to assertion L on the AIAR. However, a new website is being developed, having seen the beta site I believe the new site will be well structured and will assist the council in meeting legislative requirements.

The notice for the exercise of public rights was published on the council's website and the date of the announcement is 1 July 2022. However, the notice states that the period for the exercise of public rights commenced on the 13 June 2022. The date of announcement must be at least 1 day prior to the period commencing. So, I have answered no to section M.

Annual Governance and Accountability Return (AGAR) form stipulates that additional information must be published alongside the AGAR. Some of these documents are missing from the website, the Annual Internal Audit Report was published, but not the written report the goes alongside it. In addition, the bank reconciliation and analysis of variances were not published.

Whilst this report does raise several issues, they can all be rectified in future years. Claire is aware of the steps that need to be taken and I am happy to answer any questions from the council.

Kate Houlihan
Internal Auditor to the Council

The figures submitted in the Annual Governance and Accountability Return are:

	Year ending 31 March 2022	Year ending 31 March 2023
1. Balances brought forward	12,335	14,288
2. Annual precept	12,270	14,470
3. Total other receipts	442	7,343
4. Staff costs	2,977	3,024
5. Loan interest/capital repayments	942	942
6. Total other payments	6,840	8,657
7. Balances carried forward	14,288	23,478
8. Total cash and investments	14,288	23,478
9. Total fixed assets and long-term assets	35,080	35,273
10. Total borrowings	5,715	4,883

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 it sets out the appropriate standard of financial reporting to be followed. A copy of the guide is available for free download from:

<https://www.northantscalc.com/uploads/practitioners-guide-2020-2.pdf>