

Internal Audit Report

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

Name of council:	Hemington, Luddington and Thurning Parish Council		
Name of Internal Auditor:	Claire Tilley	Date of report:	24 th June 2022
Year ending:	31 March 2022	Date audit carried out:	22 nd June 2022

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:

This is the first NCALC IAS audit that the council has commissioned. I understand that the previous Clerk was suffering from ill health on their resignation from the council and that processes and procedures may have dropped from the normal standard. Also, to bear in mind, is that the audit looks back at the financial year April 2021 to March 2022.

The new Clerk has been involved with the Parish Council since January 2022, and has been able to forward the limited documentation they were given. I examined the paperwork I was sent, then had a Zoom meeting with Richard, the Clerk and thank him for his time and assistance.

I examined the minutes, asset register and cash book and conclude that the council has achieved some of the Internal Control objectives.

For those I have ticked No to – I offer the following explanations

B- *The authority complied with its financial regulations.* There were no Financial Regulations in place, and no minuting of any payments for authorisation or approval of same or note of VAT/reclamation. The Clerk assures me that there is financial control in place with regards to dual signatories of cheques and that model Financial Regulations are to be adopted shortly. So, whilst I am satisfied that there have been no improprieties, I am unable to agree with the objective at this point.

C. Assessment of Risk- there is no risk assessment documentation in place, or any note of any assessment taking place. I have suggested the council adopt a basic risk assessment policy, that is reviewed annually, in line with reviewing the asset register. This will help ensure that Insurance is also relevant.

D. Precept and Budget- I can see that the budget was discussed, and a precept agreed, although there was no budget monitoring throughout the year. This should be carried out quarterly. The reserves of £14K against a £3K precept are also not appropriate as there is no evidential rationale behind the sum of money. I understand that the build up of reserves is due in part, to the previous clerk not cashing cheques to the value of about £2.5K

G. Salaries to employees. The previous Clerk was not an employee of the council, in that they remained self employed and produced invoices (that were not cashed on two occasions). There is a legal requirement that the Proper Officer is an employee of the council. Moving forward, the new Clerk now has a contract of employment and payroll will be outsourced, so everything is now correct.

I. Period bank reconciliations were carried out. With the evidence available to me, there is no indication that bank reconciliations were carried out, and no balances were minuted. Once the Financial Regulations are adopted, the council should take note of Point 2.2

2.2. On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council

K. I must assume that the council declared themselves Exempt from a limited assurance in the previous year, but there is no minuted evidence, paperwork or website to validate this assumption.

L/N Website and Publication of AGAR requirement- there has been no authority website, nor publication on a principal authorities website, so I have to tick no to this objective. I am told that a new website is due to go live next week, so moving forward, the council will be able to satisfy this objective

M. Exercise of Public Rights- again, with the evidence presented to me, I can not confirm that the notice was published anywhere and there is no minuted evidence of dates set. I would expect that the Notice will be published on the website this year and would recommend that the dates are also minuted.

I am confident that the Clerk is already putting in place procedures, policies and a website, so that moving forwards the governance of the council will be much improved. I wish the council and the new Clerk all the best for the coming year.

Yours sincerely,



Ms Claire Tilley
Internal Auditor to the Council
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The figures submitted in the Annual Governance and Accountability Return are:

	Year ending 31 March 2021	Year ending 31 March 2022
1. Balances brought forward	9672	12,351
2. Annual precept	3000	3,000
3. Total other receipts	200	0
4. Staff costs	0	0
5. Loan interest/capital repayments	0	0
6. Total other payments	521	1,308
7. Balances carried forward	12,351	14,043
8. Total cash and investments	12,351	14,043
9. Total fixed assets and long-term assets	3,143	3,143
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 (2022)*. 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 has been circulated to councils and is available on request from your auditor