

## Internal Audit Report

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

Name of council:	Hemmington Luddington and Thurning Parish Council		
Name of Internal Auditor:	Claire Tilley	Date of report:	21 April 2023
Year ending:	31 March 2023	Date audit carried out:	21 April 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:

I had a virtual meeting with the Clerk today, which concluded my works auditing the governance and finances of the Parish Council. I would like to thank Richard for his help and co-operation.

My report is an annex to the Annual Internal Audit report, which forms part of the AGAR. I found I was able to agree that all of the relevant Internal Control Objectives were achieved and am happy to sign off the AIAR.

For completeness, I make the following comments with regards to these objectives.

- A. Appropriate accounting records- *The accounts spreadsheet was up to date and all figures correctly carried over to the Annual return.*
- B. Authority complied with financial regulations, payments, invoices and expenditure approved- *The relevant regulations and policies were in place. VAT evidence of recording and claiming was seen on the cash book and the VAT126 notice. I was pleased to see a very informative and up to date website is now in place.*
- C. Risk assessment- *Although again this year, no annual risk assessment was carried out- there is a draft version ready for adoption. The insurance cover was reviewed this year-Minute ref 22.05.14, and the council now have policies and procedures in place which help control risk, so I am satisfied that any risk would have been mitigated. I would suggest that there is reference made to the appropriate powers and legislation used to make payments*
- D. Precept and budget- *an adequate budgetary process was carried out in January - minute ref 23.01.11(e) -with a good explanation of how the figure informed the*

*precept. This figure then matched with the request to the Principal Authority. I note that an allowance has been included for Grants- so would suggest the council adopt a basic Grant Awarding Policy.*

- E. *Expected income- the precept was correctly received and I note that a VAT reclaim was also made and received.*
- F. *Petty cash- the council does not use Petty Cash*
- G. *Salaries- The Council outsource payroll to a dedicated provider- so ensuring all processes and requirements are met.*
- H. *Asset/Investment register-. This was available on the ledger spreadsheet, and had been updated to reflect an item not previously included*
- I. *Bank reconciliations- these were done on a regular basis, and bank balances were reported on at least three occasions. The difference between the cash book and bank balance at the end of the year was attributable to one invoice not clearing the bank.*
- J. *Accounting – The cashbook was prepared on a receipts and payments basis, which is correct. I selected three transactions for an audit trail, and all paperwork was in order*
- K. *Audit exemption- The Certificate of Exemption was correctly made and seen on the website- although for reasons pertaining to the previous year, PKF determined an External Audit was still due.*
- L. *Publication requirements- All relevant paperwork required under the Transparency Code was published within the relevant dates on the website.*
- M. *Exercise of Public Rights- this declaration was seen on the website and had the correct dates identified.*
- N. *AGAR publication requirements- Sec 1,2 and the Internal report of the AGAR were published on the council's website within the timeframe. The External Auditors were late with their report, but an appropriate declaration was made by the council.*
- O. *Trust funds- None held at present.*

Yours sincerely,

A rectangular area containing a redacted signature, represented by a solid black oval over a faint, illegible signature.

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

	<b>Year ending 31 March 2022</b>	<b>Year ending 31 March 2023</b>
1. Balances brought forward	12,351	14,043
2. Annual precept	3,000	3,000
3. Total other receipts	0	235
4. Staff costs	0	3,714
5. Loan interest/capital repayments	0	0
6. Total other payments	1,308	4,207
7. Balances carried forward	14,043	9,356
8. Total cash and investments	14,043	9,356
9. Total fixed assets and long-term assets	3,143	3,683
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 is available for free download from:

<https://www.northantscalc.com/uploads/practitioners-guide-2022-8.pdf>