

Internal Audit Report

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

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|---------------------------|---------------------------------|-------------------------|-------------|
| Name of council: | Little Addington Parish Council | | |
| Name of Internal Auditor: | Helen Hoier | Date of report: | 9 June 2021 |
| Year ending: | 31 March 2021 | Date audit carried out: | 18 May 2021 |

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 met with Karrie Loydall (Clerk/RFO) on 18 May 2021 via Zoom to carry out the year-end audit of the Council. Upon examination of bookkeeping, due process, risk management, budget, payroll, asset control, bank reconciliations and year-end procedures; it is clear that every effort is made to ensure that the Council acts lawfully, transparently and in accordance with proper practices. Due to unforeseen circumstances however; the Council was not able to achieve one of the internal control objectives to an adequate standard during 2020/21. I am satisfied that this is an exceptional situation and that any issues raised in my report as a result are being addressed. Other than this matter, the Council's ability to continue to carry out its functions over the past year despite the challenges posed by the pandemic should be noted. So too should Karrie Loydall's efficiency in preparing for and responding to the audit.

The Council has a turnover of under £25,000 and is therefore obliged to comply with the Transparency Code by publishing its financial and governance documents on its website. The Council is not currently eligible to use the General Power of Competence and as such understands that it must ensure it spends within its legal powers (particularly Section 137 under which there was an item of expenditure in 2020/21).

Issues raised in 2019/20:

- Ensuring that Karrie Loydall (having had no previous experience as a Clerk/RFO) has full access to training, guidance, membership of organisations, publications and any other resources essential to the role.
- Publishing data in accordance with the Transparency Code and making provision for electors to exercise their rights of inspection.
- Assessing annually the Council's insurance cover to confirm whether it is adequate.
- Including sufficient detail in the minutes to provide a succinct background and audit trail to the Council's decisions.
- Reviewing annually the Council's terms of reference of its committees.
- Taking effective action regarding all issues raised by internal and external audit.

Issues raised in 2020/21:

- Having examined the minutes, I am satisfied that the risk assessment was prepared by the Clerk/RFO for review at a meeting. However, as the Council did not approve the document formally within the 2020/21 financial year, I am required to respond 'no' to internal control objective C.
- It is evident from governing documents and when speaking with the Clerk/RFO that the Council is fully aware of its responsibilities regarding public finances, especially with regards to accountability, governance and transparency. However, this could be even more effective by ensuring the following:
 - Transacting the approval of the Council's budget prior to a separate agenda item setting the precept (including figures).
 - At least quarterly, monitoring the Council's performance against its budget and taking corrective action if necessary.
 - If required, approving formally and recording in the minutes any transfer of expenditure from one budget heading to another during the year (virement) in accordance with Model Financial Regulations (paragraph 4.2).
 - Establishing a rota whereby a different member completes a checklist prior to a meeting throughout the year in order to test specific internal controls and report findings to the Council.

Other than the above matters, the Council appears to be performing well, with its business affairs managed properly by a competent Clerk/RFO and committed Council members.

Yours sincerely



Mrs Helen Hoier
Internal Auditor to the Council
01536 330858/07721 778773
h.hoier_las@btinternet.com

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

| | Year ending 31 March 2020 | Year ending 31 March 2021 |
|--|------------------------------|------------------------------|
| 1. Balances brought forward | 5,856 | 9,151 |
| 2. Annual precept | 11,410 | 11,980 |
| 3. Total other receipts | 3,094 | 1,235 |
| 4. Staff costs | 3,034 | 3,275 |
| 5. Loan interest/capital repayments | 942 | 942 |
| 6. Total other payments | 7,233 | 5,814 |
| 7. Balances carried forward | 9,151 | 12,335 |
| 8. Total cash and investments | 9,151 | 12,335 |
| 9. Total fixed assets and long-term assets | 35,080 | 35,080 |
| 10. Total borrowings | 7,330 | 6,531 |

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>