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Internal Audit Report

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

Name of council:	Staverton Parish Council		
Name of Internal Auditor:	Josie Flavell	Date of report:	11th June 2020
Year ending:	31 March 2020	Date audit carried out:	9th June 2020

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 staff and management and not left for internal audit.

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.

Clerk and RFO: Sue Porter
Chairman: Cllr T Glover
Council hold 8 seats with no vacancies.

To the Chairman of the Council:

After extensive review of Council's website and documentation I can report as follows.

FINANCE

Staverton Parish Council completed their annual accounts on an receipts and payments basis and are exempt from external audit.

At year-end (31.03.2020) the balance of accounts was £6,773.00 which was recorded on both the year-end bank reconciliation and Box 7 of the Annual Governance and Accountability Return.

- General and Free cash Reserves £6,772

Petty Cash

The smaller authority does not hold or operate any petty cash.

Year-end Procedures

The smaller authority carried out all year-end practices in-line with current legislation.

Budget & Precept

- Pursuant to proper practices and legislation, the Council set a precept for the year of £11,296 from a detailed budgetary process.
- The 2020-21 budget was reviewed and approved at the January 2020 meeting under minute reference 6.1.
- All budget variances throughout the year have been reported satisfactorily, via the minutes and the year-end external audit documents.

Cashbook

Upon review of the cashbook, it is evident it was well maintained and kept up to date throughout the financial year. However, the minute reference approving the payments/expenditure should be recorded within the cashbook, to allow for a direct link between the transactions and the minute record.

VAT

VAT has been applied for throughout the financial year with the last claim being submitted to HMRC at financial year end, April 2020.

S137

Provision was made for (LGA 1972) Section 137 in the budget but there was no provision made for this in the cashbook ledger. However, the Clerk has agreed to add this into the cashbook for the 2020-21 year.

Employee Salary

The Clerk/RFO is currently earning a salary below the threshold so there are no tax or NI contributions to be made and all salaries have been paid in accordance with HMRC rules and Council approval, and recorded accordingly in the cashbook ledger and minutes.

- Total annual staff cost for 2019/20 were £3,446, which is a decrease of £118.00 on the 2018/19 year.

Bank Accounts/Mandate

- Council bank with HSBC hold both a reserve and current account and pay all expenditure and salaries via BACS.
- The bank mandate is being reviewed at the next meeting and updated.

Bank Reconciliations

The council have made provision for an internal control system, with all bank reconciliations and accounts being reviewed regularly by Council. However, going forward, the smaller authority should ensure that this is clearly recorded in the minutes for clarity and audit purposes and also have an Internal Control Statement in place.

The Statement of Internal Control is the means by which the Responsible Financial Officer and Council declare their approach to, and responsibility for, risk management, internal control, banking procedures and annual governance. It also forms part of the annual reporting process and is an extension of the Financial Regulations.

Insurance

Council reviewed and approved the renewal of the annual insurance policy at the May 2019 meeting and currently have adequate cover in all areas. However, going forward, the smaller authority should ensure that details of the insurance broker and cost are clearly recorded in the minutes.

Loans

There are no loans to be reported.

Contracts

Contracts should be reviewed annually unless Council has signed up to a long term deal. Pursuant to legislation and transparency regulations, all contracts and their value should be also presented on the smaller authority's website.

Purchase Order System

Council currently do not run a purchase order system. Consideration for this should be given to ensure there is a process for confirming the ordering of goods/supplies and to also allow for there to be an audit trail when purchasing items.

DUE PROCESS

After extensive review of all documents made available to me via the smaller authority's website and the Clerk/RFO, I can confirm that the following were present and correct, tailored in-line with the Council's needs, and were also reviewed and approved by council throughout the year:

- Standing Orders and Financial Regulations
- Employment Policies
- Agenda and minutes for all meetings.

However, the smaller authority are currently missing the following policies, procedures and registers and should make provision for these during the 2020-21 year:

- List of members interests – to be published on the website (statutory requirement under the Localism Act 2011 s29).
- Internal Control Statement – to be published on the website.
- Regular Payments List

Transparency Code

- All end of year accounts and audit documentation will be made available on the smaller authority's website after the June 2020 council meeting.
- Minutes are presented correctly and on time, on the smaller authority's website. However, it is noted that the minutes do not currently have any page numbers. The minute record should have sequentially numbered page numbers which follow on from one meeting to the next. This will need implementing going forward.
- Minutes amendments – it is also noted that there are too many amendments made to the previous meeting minutes at full Council meetings. All amendments should be made to the draft minutes prior to the time of approval at the next meeting. Only minor or absolutely necessary minute amendments should be made at the meeting itself.

Employment

- The Clerk holds a current and up to date contract and Council have conducted the Clerk's appraisal.
- The Clerk has decided not to hold a pension scheme under the Council's employment.

Miscellaneous

- It was evidenced that audit reports and action plans were recorded as being received and actioned.
- Council will be eligible to adopt the General Power of Competence after the 2021 elections.
- Arrangements for the public to inspect council's records exists.

Transaction Spot-Check

I conducted a spot-check on various transactions throughout the year and could find no evidence of unexplained variances. However, provision for reporting the invoice number against each transaction on the payments table of each agenda/minute, should be considered going forward and recording of all bank transfers between accounts should also be recorded.

RISK MANAGEMENT & ASSET CONTROL

- Council have an up to date Risk Assessment which was present on the website.
- All minute pages were initialled and signed in full by the Chairman on the final page of each minute record.
- There is provision for S137 in the budget but not the cashbook ledger. This is being rectified.
- Control measures concerning the bank accounts will be covered within the new Internal Control Statement.
- The Asset Register is well maintained and up to date.

CONCLUSION

Through extensive examination and investigation in all areas, it was evidenced that all matters are in order. Therefore, I am satisfied that appropriate and effective procedures and internal controls systems are in place, allowing for Section 4 (Internal Audit) of the Annual Return to be authorised.

It is apparent that Council is well managed and effectively run and have a competent and diligent Clerk, who will continue the good work in the future.

This report is based on the evidence made available to me on either the Council's website or in hardcopy form. 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. Consequently, the report is limited to those matters set out above.

Once again, I would like to thank your Clerk for their time.

Yours sincerely,



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

	Year ending 31 March 2019	Year ending 31 March 2020
1. Balances brought forward	4032	9067
2. Annual precept	10758	11296
3. Total other receipts	5948	2866
4. Staff costs	3564	3446
5. Loan interest/capital repayments	0	0
6. Total other payments	8107	13010
7. Balances carried forward	9067	6773
8. Total cash and investments	9067	6773
9. Total fixed assets and long term assets	113793	113793
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 (2017)*. It is a guide to the accounting practices to be followed by local councils, and sets out the appropriate standard of financial reporting to be followed. A copy of the guide is available for free download from:

http://www.northantscalc.com/uploads/practitioners-guide-2017.pdf