

Internal Audit Report

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

Name of council:	Glaphorn Parish Council		
Name of Internal Auditor:	J Hodgson	Date of report:	13/05/2019
Year ending:	31 March 2019	Date audit carried out:	13/05/2019

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.

To the Chairman of the Council:

As part of my audit I examined the book keeping, due process, risk assessment, asset control, bank reconciliations and year end processes through documentation available on your website, records held by the Clerk and discussions and questions.

I have discussed the matters listed below with Alan and I have provided these details in the report in light to Alan's impending retirement. It should be regarded as a tool to assist the Council and the new clerk in proper and best practice.

All Councils must ensure that they have legal power to spend money wherever there is a resolution to incur expenditure. A Council should not assume such a power exists. Where expenditure is made without such a legal power existing, the Council will be acting beyond its powers and may be challenged. I have recommended that the supporting power is included in the Minutes for each item of expenditure. Where there is new type of expenditure e.g. for a new type of project, the legal powers should be ascertained before a resolution is made to embark upon that project. Even where a grant has been secured, the power to spend money for that purpose should exist.

It is not good practice incur expenditure on the presumption that grant monies will be received (as in the case of some expenditure as part of the Pathfinder scheme). A financial risk assessment should be undertaken to ensure the Council will not be left in an unfavourable position in the event that the monies do not come through.

I note that the Council has exercised its right to close the meeting to the public and press for certain items of business. At the conclusion of that agenda item, the meeting should be re-opened (and documented as such in the Minutes) to record the decision of the Council.

The Council should give careful consideration to the management of the bank account following the change of clerk. The Council will need to ensure it has undertaken due diligence

in the recruitment process both in the interests of protecting public money and to satisfy the conditions of the Fidelity Guarantee Insurance Policy (part of the Council's existing insurance arrangements). This is particularly pertinent given the potentially large sums that will be passing through the Council's accounts this year.

If the playing field project goes through, and I am sure it will, it is likely to take the Council over the £200,000.00 threshold and an intermediate audit will be required by PKF Littlejohn. I would therefore recommend that this is given consideration over the course of the year to ensure the council is able to provide any additional information that the external auditors will require. Guidance is readily available on their website.

All Council meetings and committee meetings must be held in a public place with a publically published agenda and Minutes. I have discussed with Alan how it is possible to still achieve confidentiality for commercially sensitive matters.

It is not appropriate for persons co-opted at a meeting to then act as a councillor at that meeting. They have not been summoned and have not had the statutory notice of the meeting to enable them to prepare. Newly appointed councillors should ideally have a period of grace to be briefed on such matters as the Code of Conduct, Standing Orders and other such matters before acting as a member of the Council.

I would like to thank Alan for his assistance during my visit and wish him every success for the future.

Please remember that the Internal Audit Service is a year contract and as such if I can be of assistance during the year, please email me.

This report is based on the evidence made available to me. 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.

Yours sincerely,

J Hodgson

Ms Jenny Hodgson
Internal Auditor to the Council
01933 461868
jennyhodgson@msn.com

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

	Year ending 31 March 2018	Year ending 31 March 2019
1. Balances brought forward	8381	6009
2. Annual precept	9300	9700
3. Total other receipts	13147	16754
4. Staff costs	3174	3829
5. Loan interest/capital repayments	0	600
6. Total other payments	21645	19430
7. Balances carried forward	6009	8604
8. Total cash and investments	6009	8604
9. Total fixed assets and long-term assets	11440	11897
10. Total borrowings	3000	2400

The proper practices referred to in Accounts and Audit Regulations are set out in *Governance and Accountability for Smaller Authorities in England (2019)*. 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-2019.pdf>