

Annual Internal Audit Report

(to be read in conjunction with Section 4 of the Annual Return)

Name of council:	Thorpe Malsor Parish Council		
Name of Internal Auditor:	John Marshall	Date of report:	22.06.16
Year ending:	31 March 2016	Date audit carried out:	22.06.16

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. It is important to note that managing the council's internal controls is a day-to-day function of the council through its staff and councillors and 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 Joan Smart, Clerk and RFO on 16 June to carry out the year-end audit of the Council; I would take this opportunity to thank Joan for her time and assistance.

Last year, BDO as External Auditor identified two audit issues, relating to the failure to prepare a Risk Assessment and the failure to prepare Standing Orders and Financial Regulations; although there is no Minute to record a Resolution to adopt these codes and procedures that are central to proper governance, all of these matters have been addressed by the Council. However, some issues identified by me have been addressed only in part, others not at all. It is essential therefore that the Council heed the advice and requirements set out below and take steps to implement the actions necessary to resolve the issues identified. I would also reiterate my comment in last year's report that whilst, at first site these might appear overly bureaucratic and burdensome, they go to the heart of good governance and democratic accountability and are therefore important. This is especially the case in the light of the Transparency Code for Smaller Authorities, (**see the link at the foot of this report) that applies to all Councils with a turnover of less than £25,000; this includes Thorpe Malsor PC. Issues noted were as follows;

Governance issues

- it would appear that none of the members elected in the (uncontested) Council election of May 2015 have completed and submitted their Declaration of Interest form; this has been confirmed by the Electoral Services Dept at Kettering Borough Council, to whom the forms must be submitted. The legal requirement is to submit the form within 28 days of being elected so submission is long overdue and should be attended to forthwith
- a Declaration of Acceptance of Office was completed by each member at the annual meeting of the Council in May 2015, but not by the Chairman, on being elected to the post. No doubt this was because a Chairman was not elected at the annual meeting. By law, a council is not properly constituted until it has appointed its chairman which is why, as mentioned in last year's report the appointment must be the first item of business at the annual meeting of the Council. For the avoidance of doubt, a Declaration must be signed by a member at the time of

election and a further declaration by the member elected to be Chairman, at each election, so normally annually, but may be mid-term where there is a resignation. I noted that the form currently being used is inappropriate as it derives from Kettering Borough Council; a suitable template form that may be used by the Council has been provided to the Clerk

- the Council e-mail contact is still via the Clerk's personal e-mail account. The majority of correspondence is now via e-mail and thus in the event of the Clerk ceasing employment, the Council's corporate history and knowledge is located in a private, potentially inaccessible account. It would be advisable to consider obtaining an account in the name of the Council eg thorpemalsorpc@gmail.com (if available) or similar, to which access can be transferred if, as and when necessary.

Other issues

- the Council has not apparently reclaimed VAT since 2013. To aid proper financial management and budgeting, claims should be submitted at least annually, however small the amount
- Question 1.6 of the Annual Return requires the Council to confirm whether action has been taken on all matters drawn to its attention by Internal and / or External Audit. There was no record in the Minutes of receipt of either the Internal Auditor's or External Auditor's reports and thus, no record of any remedial action agreed or taken which perhaps accounts for at least some of the omissions set out above
- I understood from Joan that the Council has now established a website, although it could not be located via an internet search. The Transparency Code has, since July 2015 required the Council to publish - and continue to publish - a significant amount of its information on a website; see Appendix A of the Code. The Council may wish to contact NCALC since grants are available from central government to smaller authorities, to enable them to meet the costs associated with compliance with the Code.

I tested all of the objectives of Internal Controls set out in Section 4 of the Annual Return, through the examination of physical evidence and questioning. As with last year's audit, in some instances, where the objective tested covers multiple issues, I have answered 'yes' even where shortcomings have been noted, because the objective has been partly met. I trust that the Council will resolve all of the outstanding issues during the course of this audit year and I have signed off the Return as required. Should you have any questions or wish to discuss the report then please feel free to contact me.

John Marshall
Internal Auditor to the Council
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The figures submitted in the Annual Return are:

	Year ending 31 March 2015	Year ending 31 March 2016
1. Balances brought forward	1,026	2,708
2. Annual precept	2,000	2,000
3. Total other receipts	1,098	0
4. Staff costs	400 181	400 108
5. Loan interest/capital repayments	Nil	Nil
6. Total other payments	687	2,023
7. Balances carried forward	2,708	2,177
8. Total cash and investments	2,708	2,177
9. Total fixed assets and long term assets	20,550	20,550
10. Total borrowings	Nil	Nil

*** The 'proper practices' referred to in the Accounts and Audit (England) Regulations 2011 as amended are those set out in the publication "Governance and Accountability for Local Councils, A Practitioners' Guide (England) March 2014" available at**

<http://www.nalc.gov.uk/library/publications/803-governance-and-accountability-with-appendix/file>

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https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/388541/Transparency_Code_for_Smaller_Authorities.pdf