

Internal Audit Report

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

Name of council:	Thorpe Malsor Parish Council		
Name of Internal Auditor:	Julia Tufnail	Date of report:	30.4.19
Year ending:	31 March 2019	Date audit carried out:	29.4.19

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:

Proper Book Keeping

Cash Book, regular reconciliation of books to bank statements
Supporting vouchers invoices & receipts
All were found to be in order
S137 and VAT payments are tracked and identified as necessary
The cash book is referenced providing a clear audit trail
Supporting paperwork is in place and well referenced

Financial Regulations

Standing Orders & Financial Regulations

Standing Orders are in place

Reviewed 22.1.19

Financial Regulations are in place

Reviewed 24.7.18

Tenders – There were no tenders during the year that exceeded the £25,000 Public Contract Regulations threshold

Appropriate payment controls including acting within the legal framework & with reference to Council Minutes

Identifying VAT payments and reclamations

VAT received from the previous year but none paid this year

Not Registered for VAT

General Power of Competence is not in place

Cheque books, Internet Payment regime & other relevant documents and policies reviewed 24.7.18

Risk Assessment

Appropriate procedures in place for the activities of the Council

Reviewed on 29.5.19

Data Protection registration in place

Data Protection Officer appointed 29.5.18

Insurance is in place
Reviewed on 29.5.18
Internal Controls are in place but not minuted
Reviewed on 29.5.18
Fidelity Cover in place?
It is recommended that this should be at least year end reserves plus 50% precept

Transparency Code Compliance required for smaller Councils with income/expenditure under £25,000
Thorpe Malsor is a smaller Council and complies

Budgetary Controls Verifying the budgetary process with reference to council Minutes and supporting documents
Precept 2019-20 Date 19.1.17
Precept 2018-19 Date 26.2.18
Budgetary procedures are in place, agreed by full Council. The need for forward planning and adequate reserves are considered and budget papers are prepared to ensure councillors have sufficient information to make informed decisions.
Budget does not appear to be monitored and reported to council during the year

Income Controls Precept and other income controls are in place
Income is cross referenced with the cash book and bank statements

Petty Cash None held
Payroll Controls PAYE & NI – In the process of complying
In compliance with Inland Revenue procedures – will need to down load the HMRC rti payroll system once User ID received for the Clerk's salary
Compliant with Pensions Regulations?

Asset Control Asset Register is in place
Review 29.5.18
Total Value £22,152

Internal Audit Procedure The 2018 Internal Audit report was considered by the council on 29.5.18
The Internal Auditors were appointed in April 2018.

Additional Comments or Recommendations

I would like to thank Anne Marie for her time and assistance last night in completing the Internal Audit for the year.

It was noted that the Internal Controls were taking place but not minuted so it is recommended that this is a standard Agenda item which is reported on following the checks at each meeting.

I understand that the Clerk is in the process of registering the Council with HMRC and awaiting a code from HMRC before she can proceed.

I would recommend that the Clerk contacts NCALC to advise which point scale the job should be assigned for a small council such as Thorpe Malsor within the LC1 range. I would estimate that over a month the clerk would spend an average of 2-3 hours per week doing the job, but Anne Marie is going to keep a note of the hours she works to confirm this at her next review and the Clerk's hours

can be adjusted accordingly then. The Council appears to be currently paying below the minimum wage.

However, The Clerk's contract of employment should be put in place as soon as possible as the Council is an Employer and has legal responsibilities to its employees.

There is also a Home Office allowance available, which does not attract Income Tax, of £18 per month or £216pa for the use of the Clerk's home as the Parish Office, similar to the 45p per mile for travel without the need to pay tax.

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.

Julia Tufnail
NCALC Internal Auditor
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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	3481	3692
2. Annual precept	2000	2000
3. Total other receipts	1600	154
4. Staff costs	556	500
5. Loan interest/capital repayments	0	0
6. Total other payments	2833	1525
7. Balances carried forward	3692	3821
8. Total cash and investments	3692	3817
9. Total fixed assets and long-term assets	22152	22152
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 (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>