

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:	19 th August 2020
Year ending:	31 March 2020	Date audit carried out:	19 th August 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 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:

Firstly, I would like to thank Cllr Helen Sharp for her time during our audit and overcoming the difficulties faced by the Council during this time.

I have conducted my audit looking at the supporting evidence and the website and have the following comments to make, which I have discussed with Cllr Sharp at length who has confirmed that the council will be putting measures to rectify the issues in place immediately.

I note that the insurance premium was considered in May but there is no insurance review. It is a requirement that the council reviews its risk and mitigates that risk via such measures as taking out insurance.

Jan 20 - The 20-21 budget was presented but not voted upon or agreed whereas the precept was properly resolved. The budget for 19-20 is not publicly available either.

Therefore, I cannot confirm that the precept was as a result of an adequate budgetary process. Neither is there any evidence that it is monitored throughout the year.

I have issues with the council's AGAR Annual Governance Statement in that during the year:

2. There is no evidence of any internal control system and its effectiveness was not reviewed during the year. There is also no evidence of any bank reconciliations being reported to the council during the year. The council must answer no to this.

5. There is no evidence of any risk assessment, see above, despite it being mentioned in 2018. The council must answer no to this

7. There is no evidence of the Payroll issues raised last year being addressed. The Clerk does not appear to be properly employed as is required by HMRC. The council must answer no to this as well.

It is also noted that neither the Standing Orders nor Financial Regulations have been reviewed during the year.

It should be understood that for a council to act it must have the power to do so such as the Local Government Act 1972 s111 being used to pay the annual insurance. These powers should be noted next to each payment so that it is clear the council is not acting ultra vires. This has also been raised in previous internal audit reports.

I note that the Council will again be filing a Certificate of Exemption this year.

Julia Tufnail
NCALC Internal Auditor to the Council

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

	Year 31 March 2019	ending	Year 31 March 2020	ending
1. Balances brought forward	3692		3817	
2. Annual precept	2000		2000	
3. Total other receipts	154		0	
4. Staff costs	500		250	
5. Loan interest/capital repayments	0		0	
6. Total other payments	1525		654	
7. Balances carried forward	3821		4913	
8. Total cash and investments	3817		4913	
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>