

Annual Internal Audit Report

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

Name of council:	Parish Town Council		
Name of Internal Auditor:	John Marshall	Date of report:	.15
Year ending:	31 March 2015	Date audit carried out:	.15

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.

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 Carolyn Mackay, Clerk on 12 May 2015 to carry out the year-end audit of the Council; I would take this opportunity to thank Carolyn for her time and assistance. 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.

Whilst the accounting and financial practices were satisfactory, I noted some governance issues that require your attention as follows;

- the core policies and procedures ie Standing Orders, Financial Regulations, Financial and Management Risk Assessment and the Asset Register must be reviewed, amended and updated as necessary and then (re)adopted by the Council at least once in every audit year. This did not apparently take place during the 2014-15 audit year. Regular review, that usually takes place at the Annual Meeting of the Council in May is an important aspect of the conduct of the Council's business and is necessary to ensure that practices and procedures remain current, ie take account of legislative and other changes and remain relevant, ie reflect current practice within the Council. A good example of this is the need to keep the bank mandate details up to date.
- the Council must formally appointed a Responsible Financial Officer (RFO); this is a legal requirement by virtue of s. 151 of the Local Government Act 1972. The function, along with that of Proper Officer is usually vested in the Clerk, and that will be the case for you given that Carolyn is your sole employee. The appointment should be confirmed by Resolution at the next monthly business meeting.

Both of these issues were drawn to the Council's attention in my 2013-14 Report and whilst I note that my report was acknowledged by the Council at its meeting on 10 June 2014, I trust that the necessary recurring action(s) will be taken, going forward. This report and that from

BDO as External Auditor must be presented to the Council and their receipt minuted, together with the action the Council resolves to take in respect of the issues raised. This is because the Council is required at Section 2 Qu 7 of the Annual Return to confirm that it has acted upon issues drawn to its attention by both Internal and External Audit and evidence of this has now become a standard enquiry made by BDO, as External Auditor, to Councils selected for intermediate audit.

Notwithstanding the comments above, through questioning and the examination of hard evidence I tested all of the objectives of the Council's Internal Controls on which I am required to comment in Section 4 of the Annual Return. I reiterate that standards of governance and financial management are, in the main acceptable and the Council's policies and procedures are fit for purpose; accordingly, I was able to answer 'yes' to all questions posed in Section 4. That said,

Furthermore, I would remind you that your membership of Northants CALC entitles you to access and benefit from a range of advice and services (including the internal audit service) throughout the year. To that end, please note that further advice on the requirements set out in this report or any other audit-related matters is available from the Northants CALC office (01327 831482), the e-mail based member's enquiry service (mes@northantscalc.gov.uk) or me, either now or in the future.

John Marshall
Internal Auditor to the Council

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The figures submitted in the Annual Return are:

	Year ending 31 March 2014	Year ending 31 March 2015
1. Balances brought forward	8,376	22,533
2. Annual precept	28,850	20,000
3. Total other receipts	6,625	5,300
4. Staff costs	8,280	8,836
5. Loan interest/capital repayments	0	0
6. Total other payments	13,038	20,822
7. Balances carried forward	22,533	18,157
8. Total cash and investments	22,533	18,175
9. Total fixed assets and long term assets	23,573	24,737
10. Total borrowings	0	0

The proper practices referred to in Accounts and Audit Regulations are set out in *Governance and Accountability for Local Councils – A Practitioners’ Guide (England) March 2014*. 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.nalc.gov.uk/library/publications/803-governance-and-accountability-with-appendix/file>