

Annual Internal Audit Report 2018/19

Stanwick Parish Council

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation **during** the financial year ended 31 March 2019.

The internal audit for 2018/19 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
H. Asset and investments registers were complete and accurate and properly maintained.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I. Periodic and year-end bank account reconciliations were properly carried out.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
K. IF the authority certified itself as exempt from a limited assurance review in 2017/18, it met the exemption criteria and correctly declared itself exempt. (<i>"Not Covered" should only be ticked where the authority had a limited assurance review of its 2017/18 AGAR</i>)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
L. During summer 2018 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations.	<input type="checkbox"/>	<input type="checkbox"/>	Not applicable <input checked="" type="checkbox"/>
M. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	<input type="checkbox"/>	<input type="checkbox"/>	Not applicable <input checked="" type="checkbox"/>

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

Name of person who carried out the internal audit

07/05/19

WJ Mc MARSHALL e. lca

Signature of person who carried out the internal audit

WJ Mc MARSHALL
WJ Mc MARSHALL

Date

07/05/19

*If the response is 'no' you must include a note to state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

NORTHANTS CALC LTD

INTERNAL AUDIT SERVICE

Annual Internal Audit Report

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

Name of council:	Stanwick Parish Council		
Name of Internal Auditor:	John Marshall	Date of report:	07.05.19
Year ending:	31 March 2019	Date audit carried out:	07.05.19

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. 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 Jenny Hodgson, Clerk and RFO today to carry out the year-end audit of the Council; I would take this opportunity to thank Jenny for her time and assistance.

During the course of the audit, I examined the Council's arrangements for the management and control of its business in the areas of bookkeeping, due process (ie compliance with the proper practices as set out in the Practitioners' Guide), risk management, budget setting and monitoring, payroll, asset register, bank reconciliations, internal control and year-end procedures.

I also sought evidence that the previous year's reports from Internal and External Auditors had been properly reported to and actioned by the Council; they had. As a result of this audit, I would draw your attention to the following issue that the Council should consider and address *viz*;

- the Council has a cadre of 7 members. I noted that on occasions during the course of the year, attendance at meetings has fallen to as low as 4 members. Whilst still quorate, decision making on important matters such as budget and precept setting by such a small number does not sit well in good governance terms.

It can also pose operational and compliance problems for the Council, for example in respect of your Financial Regulation 2.2 where the Internal Controls Councillor cannot also be a cheque signatory. This is a perceived vulnerability that should be risk assessed by the Council. I would suggest that as part of the risk assessment, the Council should consider whether an increase in cadre (say, from 7 to 9 members which would be more in line with similar sized councils) is something it might wish to explore with the principal council.

- where, having been lawfully summonsed a councillor fails to attend a meeting and does not send apologies, they should be recorded in the Minutes as absent.
- the Council currently uses the Clerk's home address as its official address for correspondence etc and the details are posted on the home page of the website. It might be more appropriate, for reasons of security and efficiency (eg for mail delivery when the Clerk is absent) for the Council to use either the location of the Parish Office or alternatively, to consider obtaining a Post Office Box number with a local delivery address, as some councils do.

This report is based on the evidence made available to me and consequently, the report is limited to those matters set out above. Through examination of hard evidence and questioning, I confirm that I tested all the aspects of the Council's internal controls that I am required to consider at Section 4 of the Annual Return and I am satisfied that effective systems to manage, monitor and control the Council's business either are already or are being put in place. Accordingly, I have completed and signed off the Internal Audit Report at page 3 of the AGAR as required.

John Marshall
Internal Auditor to the Council
07505 139832
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The figures submitted in the Annual Return are:

	Year ending 31 March 2018	Year ending 31 March 2019
1. Balances brought forward	104,274	97,679
2. Annual precept	61,545	61,545
3. Total other receipts	13,384	11,695
4. Staff costs	23,396	23,896
5. Loan interest/capital repayments	4, 720	4, 652
6. Total other payments	53,408	51,913
7. Balances carried forward	97,679	90,458
8. Total cash and investments	97,679	90,458
9. Total fixed assets and long term assets	183,048	183,048
10. Total borrowings	67,515	67,722