

Internal Audit Report

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

Name of council:	Weedon Bec Parish Council		
Name of Internal Auditor:	John Marshall	Date of report:	22.04.2021
Year ending:	31 March 2021	Date audit carried out:	22.04.2021

*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 the council in order to detect error or fraud. This report is based on the evidence made available to and seen by me. **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:

Due to the Covid-19 pandemic and as a consequence of the legal distancing restrictions imposed by the UK government I carried out the audit remotely, by e-mail and 'phone. I would thank Sue Halkett, Clerk and RFO for her co-operation and assistance in delivering the audit; having the year-end data available so promptly at the end of what has been a very difficult year for clerks and councils, together with her quick response to my queries has been very helpful to me.

I firstly examined the publicly available information displayed on the council's website including the council's policies, procedures, agendas, minutes, financial and other records. I sought evidence that the previous year's Internal and External Audit reports had been properly reported to and where necessary acted upon by the Council; they had although I noted the council's decision to continue using personal rather than corporate email addresses for members. I then 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 and compliance with the display of information including the exercise of public rights. Because the council's turnover exceeds £25,000 *per annum*, compliance with the Transparency Code for Smaller Authorities is discretionary rather than mandatory but please note it is best practice to publish the Annual Internal Audit Report (AIAR) that that forms part of the Annual Governance and Accountability Return (AGAR) alongside sections 1,2 and 3.

I looked particularly at the arrangements that the council put in place in response to the C-19 restrictions, to manage the processes and procedures that would normally require documents including Minutes, invoices etc to be physically examined and / or signed. Where changes have been made, I am satisfied that the modified arrangements have been introduced without any significant diminution in the overall standard of internal controls.

Where necessary, I requested and was provided with supplementary evidence to enable me to reach a conclusion regarding the enquiries I am required to make as set out in the AIAR. This supplementary information was provided in the form of written answers to the

questions raised together with scanned documents including the Accounting Statements (section 2 of the AGAR) and the bank reconciliation.

I am pleased to be able to report that having tested all the aspects of the council's internal controls that I am required to consider, based on the information made available to me I am satisfied that in all significant respects, the internal control objectives were achieved throughout the financial year to a standard adequate to meet the council's needs. Accordingly, I have completed and signed off the Annual Internal Audit Report as required.

John Marshall, CiLCA
Internal Auditor to the Council
07505 139832
wjm.marshall1@gmail.com

The figures submitted in the Annual Return are:

	Year ending 31 March 2020	Year ending 31 March 2021
1. Balances brought forward	29,470	20,544
2. Annual precept	33,285	34,785
3. Total other receipts	15,894	20,670
4. Staff costs	8,683	9,122
5. Loan interest/capital repayments	Nil	1,829
6. Total other payments	49,422	36,478
7. Balances carried forward	20,544	28,570
8. Total cash and investments	20,544	28,570
9. Total fixed assets and long term assets	110,203	124,117
10. Total borrowings	Nil	16,465

The proper practices referred to in Accounts and Audit Regulations 2015 are set out in *Governance and Accountability for Smaller Authorities in England, A Practitioners' Guide*. Please note that sections 1 & 2 constitute the 'proper practices' that smaller authorities must follow and sets out the appropriate standard of financial reporting. A copy of the current version of the Guide and other useful information is available for free download from this page:

<https://www.pkf-littlejohn.com/services-limited-assurance-regime-useful-documents-and-links>

Due to the Covid-19 pandemic and as a consequence of the legal distancing restrictions imposed by the UK government I carried out the audit remotely, by e-mail and phone between 14 and 16 April. I

would thank Sue Halkett, Clerk and RFO for her co-operation and assistance in delivering the audit.

I examined the Council's arrangements for the management and control of its business in the areas of book keeping, 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; it had but see further comment below. This was achieved through examination of the publically available information displayed on the Council's excellent website – policies, procedures, agendas, minutes, financial and other records – and where necessary I requested and was provided with supplementary evidence to enable me to reach a conclusion regarding the enquiries I am required to make as set out in the Annual Internal Audit Report (AIAR) that forms part of the Annual Governance and Accountability Return (AGAR). This supplementary information was provided in the form of written answers to the questions raised together with scanned documents, including the Accounting Statements, section 2 of the AGAR.

There appears to have been a misunderstanding arising from last year's Internal Audit report that risks confusion regarding the respective roles and responsibilities of Internal Audit and the council's Internal Controls Councillor. Despite the title, the Internal Auditor (me) is required by the proper practices* to be totally independent of the council so can never be a signatory to any of your bank accounts. The new Financial Regulation (FR) 6.10 is therefore unnecessary and should be removed as it risks causing confusion. The role alluded to in last year's NCALC Internal Audit Report is that of the Internal Controls Councillor, appointed by the council from amongst its number and whose role and function are already enshrined in FR at 2.2.

This report is based on the evidence made available to me and consequently, the report is limited to those matters set out above. I am pleased to be able to report that having tested all the aspects of the Council's internal controls that I am required to consider I am satisfied that effective systems to manage, monitor and control the Council's business are in place. Accordingly, I have completed and signed off the Annual Internal Audit Report as required.

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

	Year ending 31 March 2019	Year ending 31 March 2020
11. Balances brought forward	123,292	115,860
12. Annual precept	118,144	123,782
13. Total other receipts	51,329	51,161
14. Staff costs	34,943	36,868
15. Loan interest/capital repayments	10,365	10,365
16. Total other payments	131,597	135,268
17. Balances carried forward	115,860	108,302
18. Total cash and investments	115,860	108,302
19. Total fixed assets and long term assets	299,005	330,441
20. Total borrowings	202,733	197,606

*The proper practices referred to in Accounts and Audit Regulations 2015 are set out in *Governance and Accountability for Smaller Authorities in England (March 2019), A Practitioners' Guide*. Please note that sections 1 & 2 constitute the 'proper practices' that smaller authorities must follow and sets out the appropriate standard of financial reporting. Please note this version applies for 2019/20, however Governance & Accountability for Smaller Authorities in England (March 2020) is available for early adoption. The Joint Panel on Accounting & Governance (JPAG) has only clarified proper practices - there have been no material changes. A copy of the guide is available for free download from this page:

<https://www.pkf-littlejohn.com/services-limited-assurance-regime-useful-documents-and-links>