

Annual Internal Audit Report

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

Name of council:	Brafield on the Green Parish Council		
Name of Internal Auditor:	Mrs TL Charteress	Date of report:	20th May 2022
Year ending:	31 March 2022	Date audit carried out:	12th May & 17 th May 2022

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:

Thank you very much to the Parish Clerk for supplying me with the information I requested to carry out this Annual Internal Audit. I have met with the Clerk via Zoom and requested further information via email

Results

The work completed is identified in the table below and action required is highlighted:

Area of Work	Observations/Points
Adoption of Policies	Key policies such as Financial Regulations & Standing Orders were adopted at the Annual Parish Council meeting in May 2021
Accounting Records	Following a review of receipts and payments I asked the Clerk to re-work the submitted accounts as a payment made in error for £360, was not accounted for. Whilst the error had been Minuted the accounts were incorrect. NOTE: this should have been picked up as part of an Internal Control check The correct carry forward figure was rolled over on the AGAR
Asset Register	In my previous Internal Audit reports I have advised that the Council's Asset Register does not contain enough detail, it is listed in a note book, and is not backed up.

	<p>This is still the case and purchases made during this financial year have been added without any purchase detail.</p> <p>NOTE: the Asset Register needs re-working to show everything owned by the Council. I believe it is missing assets – for example there is no mention of any computer equipment owned by the Council.</p> <p>Once this work has been completed the Council needs to ascertain whether its current insurance policy cover is adequate</p>
Bank reconciliations	<p>There is no evidence in the Minutes of regular bank reconciliations. Bank balances were confirmed to statements as at the 31st March 2022</p>
Bank payments	<p>The council has agreed to carry out online banking. It has not however made any changes to its Financial Regulations to show this change. The Clerk is the lone signatory on the bank system and is making payments without any authorisation process from other signatories.</p> <p>This has opened up the council to elements of risk and needs addressing immediately. This is confirmed by the error in a payment in November 2021 when £360.00 was sent to the wrong bank account.</p> <p>NOTE: the council must follow due process and tighten up procedures when making online payments. The Clerk should not be the lone signature; this does not fit with the Financial Regulations the council has agreed.</p>
Budget	<p>The budget was agreed at the January 2022 meeting</p>
Insurance	<p>The Annual Insurance policy was agreed with BHIB at the May 2021 meeting. Cover needs reassessing inline with a review of assets owned</p>
Internal Control	<p>Internal Control has been completed once during the year NOTE: I would like to see this tightened up and happening more frequently</p>
Minutes of Meetings	<p>Minutes were reviewed. Bank balances are being recorded on a regular basis</p>
PAYE	<p>A contractor is being used to calculate the payroll</p>
Precept	<p>The Precept demand followed due process</p>
Risk Assessments	<p>The Parish Council's Risk Assessments were approved at the May 2021 Annual Parish Council meeting</p>
VAT return	<p>The VAT refund was received and paid in to the bank account in July 2021</p>
Website	<p>When beginning this Annual Internal Audit, the Parish Council's website was out of date and missing vital information. The Clerk's email address was wrong, Internal Audit Reports were not available and key information relating to the Transparency Code was missing. The Parish Council has declared itself exempt from External Audit on the proviso that it complies with the Transparency Code.</p> <p>NOTE: The council is not as transparent as it should be and does not display enough financial information. The website is not being kept up to date</p>

Summary

In my opinion the Council has a number of elements in which it needs to tighten up due process; the most crucial of these being the control of payments made via internet banking. It is the law to follow

the Transparency Code if certifying exempt from External Audit, and the website must be up to date containing correct information.

I wish the Parish Council a very successful 2022/2023 and look forward to returning in 2023 to carry out the Annual Internal Audit.

Yours sincerely,

A handwritten signature in blue ink that reads "Tina Charteress". The signature is written in a cursive style and is underlined with a single blue stroke.

Mrs Tina L Charteress CiLCA
Internal Auditor to the Council
07818 084231
tcharteress@gmail.com

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

	Year ending 31 March 2021	Year ending 31 March 2022
1. Balances brought forward	13,971	13,774
2. Annual precept	14,250	15,000
3. Total other receipts	2,014	4,530
4. Staff costs	5,260	5,297
5. Loan interest/capital repayments	0	0
6. Total other payments	11,201	11,638
7. Balances carried forward	13,774	16,369
8. Total cash and investments	13,774	16,369
9. Total fixed assets and long-term assets	97,982	100,295
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 (2020)*. 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-2020-2.pdf>