

# Internal Audit Report

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

Name of council:	Titchmarsh Parish Council		
Name of Internal Auditor:	Julia Tufnail	Date of report:	12.5.17
Year ending:	31 March 2017	Date audit carried out:	5.5.17

*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 staff and management and not left for internal audit.*

***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 your Clerk, Amanda Claxton, this morning but unfortunately, Cllr Prestwich who is also the RFO for the Council did not attend the meeting as planned. I would like to thank Amanda for her time and assistance whilst I carried out the Internal Audit of the Council. I note that the last Internal Audit report has not been fully actioned.

1. There was no evidence of the External Audit Report from BDO and neither the Internal nor the External reports are published on the Website. The Annual Return is not published on the Website either. The Council should ensure it understands what it's responsibilities are under the Transparency Code for Smaller Authorities and ensure that it is compliant with the Code.
2. The Council should review, LGA 72 s151, if it would be more appropriate for it to appoint the Clerk as proper officer as every other Council in Northamptonshire does. It should be noted that the NCALC job description for the RFO is contained within the job description for the Clerk.
3. The Council should consider whether there is a breach of it's Code of Conduct in respect of Declarations of Interest and should take advice from the Monitoring Officer at ENC for best practice.
4. I am concerned about the Risk involved in protecting Public Money as the Risk Assessment does not identify the risk of having a Councillor as the RFO at all. Again, I would refer the Council to LGA72 s151. The annual Risk Assessment was not carried out in this year. There was no annual Insurance Review and the pages in the Minute Book are not numbered.
5. I would recommend that the Council insists that Monthly bank reconciliations take place when the bank statements are received, are presented to the Council and properly Minuted. It must be remembered that this is public money and the RFO has a duty to protect it on behalf of the electorate. It is noted that the RFO presents a quarterly financial report but these are not included in the minutes with supporting bank balances.

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6. No powers to make payments are evidenced either in the cash book or the Minutes. The Council should satisfy itself that all payments are made in accordance within its Powers. It must also be noted that VAT can only be reclaimed on invoices that are made payable to the Parish Council. The Clerk was unable to confirm that the Council is registered with the Pension Regulator. It is unknown if the RFO makes regular backups of the Council's financial data. I carried out a random audit trail spot check which was successful. I would recommend that the RFO attends the Finance for Clerks and RFOs course run by NCALC.
7. There appears to be an issue with the wording of the Minutes as motions are neither "Proposed" nor "Adopted" by the Council. Two examples of this are the budget and the Clerk's salary increase. The internal control scrutineer's report was neither considered nor adopted by the Council. I understand that the Clerk is already booked onto the Agendas & Minutes course run by NCALC in June.

This report is based on the evidence made available to me. 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. Consequently, the report is limited to those matters set out above.

Yours sincerely

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 NCALC Internal Auditor to the Council  
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The figures submitted in the Annual Return are:

	Year 31 March 2016	ending	Year 31 March 2017	ending
1. Balances brought forward	19011		16450	
2. Annual precept	12500		12800	
3. Total other receipts	3867		18478	
4. Staff costs	2259		2891	
5. Loan interest/capital repayments	0		0	
6. Total other payments	16669		30420	
7. Balances carried forward	16450		14417	
8. Total cash and investments	16450		14418	
9. Total fixed assets and long term assets	286583		287183	
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 (2017)*. 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.northantscalc.com/uploads/practitioners-guide-2017.pdf>