

Internal Audit Report

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

Name of council:	Welford Parish Council		
Name of Internal Auditor:	Fiona Young	Date of report:	12 th May 2020
Year ending:	31 March 2020	Date audit carried out:	April/May 2020 Remote

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.

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 have conducted a detailed review of all the parish council minutes, financial paperwork and other documents available to me on the new website, welfordvillage.org.uk. The Clerk and RFO Mr Ian Kelly has also kindly provided me with assistance and any documents that I needed. I understand that the council has moved over to a new website which is clear and easy to use.

On reviewing the financial documents I came across some issues with matching payments listed on the spreadsheet to those listed in the minutes, it was, on occasion, difficult to identify the correct ones and some payments were discussed in the bulk of the minutes but were not listed in the payments table. To ensure that the council follows its financial regulations it would be wise to make sure that each and every payment, whether it is a cheque or standing order, is listed in the payments table within the minutes. If there is not a meeting one month any payments paid relating to that month should be listed in a table in the next available minutes. The cheque number or transaction number could also be listed so as to form an easy to follow audit trail.

No financial transactions should be approved in Matters Arising, in the February 2020 meeting an agreement was minuted in matters arising to purchase some signs, this should have been a separate agenda item and the amount should then have been listed in the payments list for approval.

I am concerned to see that the councils reserve fund has decreased to below the recommended level, I would like to see Council adopt a Reserves Policy which would state what the Reserves would be used for and also to what level the Reserve funds should be kept at. The expenditure during 2019/2020 far exceeded the agreed budget, the reasons for this are not initially clear from reading the minutes. The Clerk & RFO should regularly report to council the progress of expenditure against the budget and this should be minuted, any

variations to the agreed budget can then be quickly identified. The expenditure in the audited year far exceeded the budget and this has resulted in a low reserve balance at year end and a comparatively large increase in the precept for 2020/2021.

The Budget and Precept were agreed and approved in the council meeting in January, I would like to see a separate minute approving the budget and then the precept.

Several of the meetings have a Closed Sessions at the end which is not minuted, it is very rare that any discussions within a Closed Session are completely confidential, a summary of the items discussed and decisions taken should be minuted without giving away confidential information.

Once again I would like to thank the Clerk, Mr Ian Kelly, for answering my queries promptly and in depth.

This report is based on the evidence made available to me. It would be incorrect to view internal audit as a detailed inspection of all records and transactions of a council as a way in which to detect error or fraud.

Consequently, this report is limited to those matters detailed above.

Yours sincerely,

Miss Fiona Young
Ncalc Internal Audit Service
[Tel:07393205249](tel:07393205249)
fyoungauditservice@gmail.com

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

	Year ending 31 March 2019	Year ending 31 March 2020
1. Balances brought forward	16025	16074
2. Annual precept	24110	27999
3. Total other receipts	3071	8906
4. Staff costs	4492	5949
5. Loan interest/capital repayments	0	0
6. Total other payments	22640	41045
7. Balances carried forward	16074	5985
8. Total cash and investments	16076	5988
9. Total fixed assets and long-term assets	182714	187574
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 (2019)*. 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-2019.pdf>