

## Internal Audit Report

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

Name of council:	Ravensthorpe Parish Council		
Name of Internal Auditor:	Josie Flavell	Date of report:	14 June 2020
Year ending:	31 March 2020	Date audit carried out:	12 June 2020

*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.**

Clerk and RFO: Carol Holifield  
 Chairman: Cllr Richard Marsh (Dr.)  
 Council hold 9 seats with no vacancies.

### To the Chairman of the Council:

After extensive review of Council's website and documentation I can report as follows.

### FINANCE

Ravensthorpe Parish Council completed their annual accounts on an receipts and payments basis and this year, qualify for an external audit.

At year-end (31.03.2020) the balance of accounts was £17,476 which was recorded on both the year-end bank reconciliation and Box 7 of the Annual Governance and Accountability Return.

- No ear-marked reserves.
- General reserves £9,000 (50% of the precept)
- Free cash reserves £8,476

#### Petty Cash

The smaller authority does not hold or operate any petty cash.

#### Year-end Procedures

The smaller authority carried out all year-end practices in-line with current legislation.

#### Budget & Precept

- Pursuant to proper practices and legislation, the Council set a precept for the year of £18,000 from a detailed budgetary process, which was approved at the January 2020 meeting under minute reference 5.3.
- The 2020-21 budget was reviewed and approved at the November 2019 meeting under minute reference 5.5.
- All budget variances throughout the year have been reported satisfactorily, via the minutes and the year-end external audit documents.

### Cashbook

Upon review of the cashbook, it is evident it was well maintained and kept up to date throughout the financial year. However, the minute reference approving the payments/expenditure should be recorded within the cashbook, to allow for a direct link between the transactions and the minute record.

### VAT

VAT has been applied for throughout the financial year with the last claim being submitted to HMRC at financial year end, April 2020.

### S137

No provision was made for (LGA 1972) Section 137 in the budget or cashbook ledger. However, the Clerk has agreed to add this into the cashbook for the 2020-21 year and make provision for this in the next budget setting process.

### Employee Salary

The Clerk/RFO is currently earning a salary below the threshold so there are no tax or NI contributions to be made and all salaries have been paid in accordance with HMRC rules and Council approval, and recorded accordingly in the cashbook ledger and minutes.

- Total annual staff cost for 2019/20 were £4,082, which is an increase of £201.00 on the 2018/19 year, due to the Clerk's hours being increased.

### Bank Accounts/Mandate

- Council hold both a reserve and current account and pay all expenditure and salaries via Direct Debit, BACS and cheque.
- The bank mandate is reviewed every May at the annual Parish Council meeting.

### Bank Reconciliations

Council have made provision for an internal control system, with all bank reconciliations and accounts being reviewed regularly by Council. However, going forward, the smaller authority should ensure that this is clearly recorded in the minutes for clarity and audit purposes and also have an Internal Control Statement in place.

The Statement of Internal Control is contained within the Financial Risk Assessment.

### Insurance

Council reviewed and approved the renewal of the annual insurance policy and currently have adequate cover in all areas. However, going forward, the smaller authority should ensure that details of the insurance broker and cost are clearly recorded in the minutes.

### Loans

There are no loans to be reported.

### Contracts

Contracts should be reviewed annually unless Council has signed up to a long term deal. Pursuant to transparency regulations, all contracts and their value should be also presented on the smaller authority's website. This will need addressing, in particular the grass cutting contract.

### Purchase Order System

Council currently do not run a purchase order system. Consideration for this should be given to ensure there is a process for confirming the ordering of goods/supplies and to also allow for there to be an audit trail when purchasing items.

## **DUE PROCESS**

After extensive review of all documents made available to me via the smaller authority's website and the Clerk/RFO, I can confirm that the following were present and correct, tailored in-line with the Council's needs, and were also reviewed and approved by council throughout the year:

- Standing Orders.
- Agenda and minutes for all meetings.
- Financial Regulations – these need to be uploaded to the website.

However, the smaller authority are currently missing the following policies, procedures and registers and should considering making provision for these during the 2020-21 year, as some are a statutory requirement:

- List of members interests – to be published on the website (statutory requirement under the Localism Act 2011 s29). Although DDC do have a register for Council on their website, pursuant to legislation, the smaller authority still need to either show the register on their website or at the very least, have a link to the one on the Daventry District Council website for the public to easily access.
- Regular Payments List – check financial regulations for information concerning this.
- Employment Policies and procedures
- Health and Safety Policy (Health and Safety at work Act)
- Training Statement and Policy
- Complaints Procedure

### Transparency Code

- All end of year accounts and audit documentation will be made available on the smaller authority's website after the June 2020 council meeting.
- Minutes are presented correctly and on time, on the smaller authority's website. However, it is noted that the minutes do not currently have the usual minute format of year/minute reference e.g. 20/615 for ease of identification. Although this is not a statutory requirement, re-consideration for changing the system would be of benefit for ease of identification of individual minutes and would also bring council in line with current best practice.

### Employment

- The Clerk holds an employment contract and Council have conducted the Clerk's appraisal with an increase in hours. However, the contract requires updating to reflect the changes in the Clerk's hours.
- The Clerk has decided not to hold a pension scheme under the Council's employment.

### Miscellaneous

- It was evidenced that audit reports and action plans were recorded as being received and actioned.
- Arrangements for the public to inspect council's records exists.
- Backing up of data is only performed via USB memory sticks. Council need to considering an alternative back up system, such as in the cloud, to ensure it is backed up daily or more regularly than it currently is.

### Transaction Spot-Check

I conducted a spot-check on various transactions throughout the year and could find no evidence of unexplained variances. However, provision for reporting the invoice number against each transaction on the payments table of each agenda/minute, should be considered going forward.

## **RISK MANAGEMENT & ASSET CONTROL**

- Council have an up to date Risk Assessment which was present on the website.
- All minute pages were initialled and signed in full by the Chairman on the final page of each minute record.
- Control measures concerning the bank accounts are covered within the Financial Risk Assessment.
- The Asset Register is well maintained but will need to be reviewed and approved by Council prior to being updated on the website and submission of papers to the external auditor.

## **CONCLUSION**

Through extensive examination and investigation in all areas, it was evidenced that all matters are in order. Therefore, I am satisfied that appropriate and effective procedures and internal controls systems are in place, allowing for Section 4 (Internal Audit) of the Annual Return to be authorised.

It is apparent that Council is well managed and effectively run and have a competent and diligent Clerk, who will continue the good work in the future.

This report is based on the evidence made available to me on either the Council's website or in hardcopy form. 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.

Once again, I would like to thank your Clerk for their time.

Yours sincerely,



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

	<b>Year ending 31 March 2019</b>	<b>Year ending 31 March 2020</b>
1. Balances brought forward	21220	23607
2. Annual precept	17000	18000
3. Total other receipts	2858	2890
4. Staff costs	3881	4082
5. Loan interest/capital repayments	0	0
6. Total other payments	13590	22939
7. Balances carried forward	23607	17476
8. Total cash and investments	23607	17476
9. Total fixed assets and long term assets	26395	29864
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>