

Internal Audit Report

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

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|---------------------------|--|-------------------------|-------------|
| Name of council: | Lilford-cum-Wigsthorpe and Thorpe Achurch Parish Council | | |
| Name of Internal Auditor: | Helen Hoier | Date of report: | 2 July 2016 |
| Year ending: | 31 March 2016 | Date audit carried out: | 6 June 2016 |

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 Nicki Phillips (Clerk/RFO) on 6 June 2016 to carry out the year-end audit of the Council. Upon examination of bookkeeping, due process, risk management, budget, payroll, asset control, bank reconciliations and year-end procedures, it is clear that every effort is made to ensure that the Council acts lawfully, transparently and in accordance with proper practices.

The Council has a turnover of under £25,000 and is therefore obliged to comply with the Transparency Code by publishing its financial and governance documents on its website. The Council is not currently eligible to use the General Power of Competence and as such understands that it must ensure it spends within its legal powers (particularly Section 137 under which there was no expenditure in 2015/16).

Issues from the 2014/15 audit:

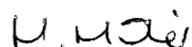
- There were no issues raised by the Internal Auditor from the 2014/15 audit.

Issues raised in 2015/16:

- It is evident from governing documents that legal powers to spend are identified and adhered to by the Council. However, this could be demonstrated more effectively by including each legal power with the relevant budget heading when completing the budgeting process (please see pages 127-131 of A Practitioners' Guide 2014).
- The Council monitors regularly its performance against its budget and scrutinises monthly bank reconciliations. However, these internal controls could be even more effective by introducing the following:
 - In addition to the Chairman, the Council appoints one of its members who is not a bank signatory as an Internal Controller to verify bank reconciliations.
 - The total balance of all accounts should be recorded in the minutes when the bank reconciliation is approved by the Council for greater clarity.
 - If required, any transfer of expenditure from one budget heading to another (virement) during the year should be approved by the Council and recorded in the minutes.

Other than the above matters, the Council appears to be performing well, with its business affairs managed properly by a newly appointed but very competent Clerk/RFO.

Yours sincerely



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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.

The figures submitted in the Annual Return are:

| | Year ending 31 March 2015 | Year ending 31 March 2016 |
|--|--------------------------------------|--------------------------------------|
| 1. Balances brought forward | 1,896 | 2,579 |
| 2. Annual precept | 2,014 | 2,014 |
| 3. Total other receipts | 3 | 9 |
| 4. Staff costs | 653 | 907 |
| 5. Loan interest/capital repayments | 0 | 0 |
| 6. Total other payments | 680 | 856 |
| 7. Balances carried forward | 2,579 | 2,839 |
| 8. Total cash and investments | 2,579 | 2,839 |
| 9. Total fixed assets and long term assets | 5,200 | 5,200 |
| 10. Total borrowings | 0 | 0 |

The proper practices referred to in Accounts and Audit Regulations are set out in *Governance and Accountability for Local Councils – A Practitioners' Guide (England) (2014)*. 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-v12jun14.pdf>