

Internal Audit Report

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

Name of council:	Lilford-cum-Wigsthorpe and Thorpe Achurch Parish Council		
Name of Internal Auditor:	Helen Hoier	Date of report:	5 May 2017
Year ending:	31 March 2016	Date audit carried out:	5 April 2017

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 5 April 2017 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 were items of expenditure in 2016/17).

Issues raised in 2015/16:

- Inclusion of each legal power with the relevant budget heading when completing the budgeting process.
- Appointment of an Internal Controller (in addition to the Chairman) who is not a bank signatory to verify bank reconciliations.
- Recording in the minutes the total balance of all accounts in the bank reconciliation.
- Approval and recording in the minutes of any transfer of expenditure from one budget heading to another (virement).

Issues raised in 2016/17:

- It is evident from governing documents and when speaking with the Clerk/RFO that the Council is fully aware of its responsibilities regarding public finances, especially with regards to budget monitoring and asset management. However it is equally important to record clearly that the Council is carrying out its functions correctly by reviewing regularly all governing documents and financial data and publishing these items in accordance with the Transparency Code. This will serve to demonstrate effectively the Council's compliance with current legislation and provide supporting evidence should any interested party decide to challenge the Council regarding its financial activities. Suggestions to ensure effectiveness of the above are as follows:

- As well as annually, the Council should also record that it has reviewed its insurance cover and inspection arrangements whenever it acquires assets of significant value.
- To ensure that the Council's website is easily accessible, the address should be included with the Clerk's contact details on agendas and other documents.

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

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 2016	Year ending 31 March 2017
1. Balances brought forward	2,579	2,839
2. Annual precept	2,014	2,014
3. Total other receipts	9	1,806
4. Staff costs	907	1,646
5. Loan interest/capital repayments	0	0
6. Total other payments	856	2,101
7. Balances carried forward	2,839	2,912
8. Total cash and investments	2,839	2,912
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 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>