

Annual Internal Audit Report

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

Name of council:	Hardingstone Parish Council		
Name of Internal Auditor:	Mrs TL Charteress	Date of report:	2 nd May 2024
Year ending:	31 March 2024	Date audit carried out:	2 nd May 2024

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. 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. This report is based on the evidence made available to me and consequently the report is limited to those matters set out below.

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:

Thank you very much to the Parish Clerk for supplying me with the information I requested to carry out this Annual Internal Audit. I have met with the Clerk on Teams and conducted the audit remotely.

Results

The work completed is identified in the table below and action required is highlighted:

Area of Work	Observations/Points
Adoption of Policies	Key policies were adopted at the Parish Council meeting in May 2023
Accounting Records	The Accounts were properly maintained during the financial year and the correct carry forward figure was rolled over
Asset Register	The Asset Register is an accurate reflection of council owned assets
Bank reconciliations	Bank reconciliations were reviewed and confirmed to be done on a monthly basis with due care and attention. Bank balances were confirmed to statements as at the 31 st of March 2024
Budget	The Parish Council has followed due process for the agreement of the Budget at the December 2023 meeting
Co-option	The Council's Co-option procedure follows due process
Earmarked Reserves	NOTE: A bank balance of £229,334. I cannot see any evidence of a process to earmark reserves. There was a discussion at the November meeting regarding CIL monies and nothing was resolved

Insurance	The Annual Insurance policy was reviewed in May 2023 and a payment of £794.41 was made to Zurich in June 2023
Internal Control	Internal Control has been raised in last three years Internal Audit Reports. A new policy was agreed in November 2021 which agreed quarterly checks reporting to full Council. I cannot see any evidence in the Minutes of any Internal Control being reported to Council throughout this financial year. NOTE: the Council has a duty to carry out regular Internal Control checks on its accounting systems and other processes. Failure to do so puts the Council at risk; it has a statutory obligation to safeguard taxpayers' money
Minutes of Meetings	Minutes were reviewed. NOTE: The November Minutes show a discussion in closed session, but the decision is not recorded in the minutes. For transparency purposes a decision must be recorded
PAYE	Payments to HMRC are being paid monthly and are following correct procedures. The Council appointed a PAYE provider in March 2024
Payments	Payments followed due process and have been accounted for correctly
Precept	Due process was followed to agree the Precept Demand of £50,000.00 at the December 2023 meeting and was minuted. The council agreed reserves will be used to breach the budget deficit
Procurement	The Council discussed the purchase of new exercise equipment in September 2023. NOTE: There is no evidence in the Minutes of this project going out to tender inline with the council's Financial Regulations
Risk Assessments	The Parish Council's Risk Assessments were discussed & reviewed at the May 2023 meeting
VAT return	The balance as at 31 st of March 2023. No errors were observed. A VAT refund of £1364.68 was recorded in the May 2023 Minutes
Year-end procedures	Year-end procedures were carried out in the correct manner

Summary

In my opinion the Council's books and records are in good order and follow due process in most elements. Please find additional notes for action below:

- The new Clerk was not formally appointed and hasn't been appointed as RFO. The Clerk will address this matter at the council's next meeting
- I am concerned that the Council is still not carrying out any Internal Control despite having raised this for the last 3 years. The onus is on the council to complete this process not the Clerk; the council has a duty to mitigate risk and protect taxpayers' money
- The council has a large balance sitting in a current account which is not earning any interest. I ask the council to ensure it has enough Fidelity Insurance cover and that interest bearing accounts are looked into.

I wish the Parish Council a very successful 2024/2025 and look forward to returning in 2025 to carry out the Annual Internal Audit.

Yours sincerely,

Tina Charteress

Mrs Tina L Charteress CILCA
Internal Auditor to the Council
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The figures submitted in the Annual Governance and Accountability Return are:

	Year ending 31 March 2023	Year ending 31 March 2024
1. Balances brought forward	77,250	77,487
2. Annual precept	40,000	65,000
3. Total other receipts	9,896	175,545
4. Staff costs	11,626	13,709
5. Loan interest/capital repayments	0	0
6. Total other payments	38,033	74,989
7. Balances carried forward	77,487	229,334
8. Total cash and investments	77,487	229,334
9. Total fixed assets and long-term assets	184,122	197,695
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 (2020)*. 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-2020-2.pdf>