

## Internal Audit Report

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

Name of council:	Lampport & Hanging Houghton Parish Council		
Name of Internal Auditor:	Gill Wells	Date of report:	19 <sup>th</sup> May 2021
Year ending:	31 March 2021	Date audit carried out:	16 <sup>th</sup> May 2021

*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:

It should be noted that, due to restrictions resulting from the Covid 19 constraints, the audit was carried out remotely.

As part of the annual internal audit process I carried out a full examination of bookkeeping, due process, risk management, bank reconciliations, internal control and performed a detailed scan of the minutes and decisions taken by the Council from 1<sup>st</sup> April 2020 - 31<sup>st</sup> March 2021. I also carried out a review of the Council's website.

During the course of the audit there were two issues that I would like to bring to your attention:-

- It was noted that, until recently, the Council has had 'Any Other Business' on the agenda and included in the minutes. It is unlawful to have 'Any Other Business' on the agenda because it does not specify the business to be transacted. Certainly, no decisions should be made under this item. Frances, your Clerk, has confirmed that this is now removed from all further agendas' / meetings'.
- The budget and precept process - it is incorrect to approve the precept before the budget under the Local Government Finance Regulations Act 1998 s32 and s50. In other words, the budget should drive the precept figure and the calculations and headings in the budget should be defined very clearly for transparency sake. The calculation deriving from the budget process is:- Anticipated year end balances + receipts to be received - payments to be made = precept required. Once the budget has been approved the Council should then formally approve the precept requirement as a consequence of the budget.

It was pleasing to note that your Clerk has introduced robust internal controls with regard online disbursements and that this will minimise the risk to the Council with regard payments going forwards.

I would like to take this opportunity to thank your Clerk, Frances, for making all the information available to me / answering queries very swiftly. It was a pleasure to read the documents and to observe a well organised / managed Council. I look forward to auditing Lamport & Hanging Houghton Parish Council next year.

This report is based on the evidence made available to me either on the website or confirmed via the virtual meeting. It would be incorrect to view the internal audit report 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.

Yours sincerely,

Gill Wells  
Internal Auditor to the Council  
Thewellsclan1@googlemail.com

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

	Year ending 31 March 2020	Year ending 31 March 2021
1. Balances brought forward	4146	4541
2. Annual precept	5500	5800
3. Total other receipts	612	770
4. Staff costs	3054	3041
5. Loan interest/capital repayments	0	0
6. Total other payments	2663	4875
7. Balances carried forward	4541	3195
8. Total cash and investments	4541	3195
9. Total fixed assets and long-term assets	33131	33817
10. Total borrowings	NIL	NIL

The proper practices referred to in Accounts and Audit Regulations are set out in *Governance and Accountability for Smaller Authorities in England (2021)*. 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-2021.pdf>