

Internal Audit Report

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

Name of council:	Coleorton Parish Council		
Name of Internal Auditor:	Martin Cooke	Date of report:	27 th April 2020
Year ending:	31 March 2020	Date audit carried out:	20 th & 27 th April 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.

To the Chairman of the Council:

This internal Audit report was compiled following independent tests / checks undertaken using various financial records, documents, minutes etc. through the PC website and Zoom meeting with your Retiring Clerk & RFO Andrew Hogsden & New Clerk Barbara Whitehouse on the 27th April 2020.

The following topics were reviewed against our standard checklist format:

Book Keeping:

- Details appeared to be in order, with correct arithmetic detail and evidence of control.
- Evidence was seen that VAT of £972.94 had been claimed.
- There was one item duly recorded against S137 expenditure in the ledger & December minutes regarding RACT.

Due Process:

- Standing Orders & Financial Regulations had been reviewed and displayed.
- There was currently no Equal Opportunities Policy in place.
- There was evidence of internal control on payments, members interests and meeting agendas all being displayed on the website & notice boards.

Risk Management:

- Annual Risk Assessment reviewed January 20.
- Insurance with Zurich (policy YLL-2720429903) on a 5 year plan to be reviewed May 20, noted addition cover for Bakehouse of £50,000.
- There was evidence of financial control, minutes were initialled by page and signed by the chair at each meeting and it was noted that there was regular reporting of bank balances at PC meetings.
- It was noted that a 3rd bank account had been opened (Fixed rate) with £20k from funds, this in it's self is not an issue however as discussed, Council needs to be conscious of the significant funds it holds which equates to almost 4 x the precept.

Budget:

- Annual budget had been approved and was to be displayed on website, there were no specific reserves earmarked & noting the finances, the precept was to be held as last year.

Payroll:

- Clerk has a contract of employment and there was evidence of Salary & Expenses in the accounts & approval at each meeting.
- The Council is registered with Pension Regulator.

Asset Control:

- Updated register of assets March 2020 to be displayed on the website May 20.
- Clerk confirmed all deeds etc for land listed on assts register are held by the Clerk, except for the Bakehouse which are held by the Council's solicitors, Mander Cruickshank.

Bank Reconciliation:

- Viewed bank reconciliation documentation for three bank accounts, reviewed monthly and reconciled quarterly and balances noted at PC meetings.
- There were no unexplained concerns noted.

Year End Procedures:

- Year-end accounts had been prepared, bank statements and ledgers reconciled, debtors & creditors recorded where necessary and there was evidence of a financial trail through records to presented accounts.
- Sections 1 & 2 of the Annual Return were signed off in May 2019 and this year's Annual Return has been drafted and will be presented at May meeting.
- PC is under the £25,000 threshold and has been granted exemption.

Transparency:

- The following items were displayed / published as required by 1st July;
 - All expenditure £100, End of year accounts / Accounting Statement, Annual Governance Statement, Internal Audit report & Asset Register.
 - Councillor responsibilities can be found through the "It takes all sorts" link on the website.
- Meeting notifications / agenda are published with three clear days & Draft Minutes are issued within one month.
- There was evidence that the 2019 IA had been reviewed.

Miscellaneous:

- Clerk confirmed Electronic files are backed up twice monthly.
- The Notice of Public Rights" under Regulation 15(2)(b) of the Accounts and Audit Regulations 2015 displayed on website May 19.

Transaction Spot Checks:

- A sample test check was carried out to agree accuracy of payments which included checking, Ledger date, Item / Budget heading, Cheque ref, when payment was minuted / approved, actual payment amount against minuted payment and invoice amount, VAT if relevant.

Annual returns:

The annual return section 2 details (Year Ending 31st March 2020) are set out at the end of this document and a details of specific variances explained.

Summary of recommendations made in this report which I believe will help enhance and strengthen the internal controls that exist:

- There was currently no Equal Opportunities Policy in place.
- Council needs to be conscious of the significant funds it holds which equates to almost 4 x the precept.

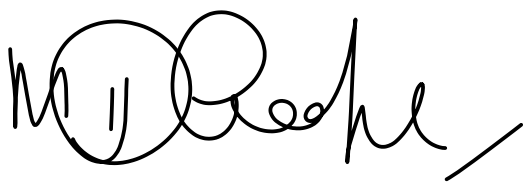
This report is based on the evidence made available to me.

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.

I would like to conclude by thanking Andrew & Barbara for their patience and cooperation.

Yours sincerely,



Martin Cooke
Internal Auditor to the Council
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The figures submitted in the Annual Governance and Accountability Return are:

	Year ending 31 March 2019	Year ending 31 March 2020
1. Balances brought forward	56,076	56,394
2. Annual precept	14,348	14,348
3. Total other receipts	2,683	1,936
4. Staff costs	3,816	4,153
5. Loan interest/capital repayments	0	0
6. Total other payments	12,897	14,170
7. Balances carried forward	56,394	54,355
8. Total cash and investments	56,394	54,355
9. Total fixed assets and long term assets	40,454	41,193
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.leicestershireandrutlandalc.gov.uk/uploads/governance-and-accountability-for-smaller-authorities-in-england-2018-sections-1-5-1.pdf>