

EVERSHOLT PARISH COUNCIL INTERNAL AUDIT 2016-17

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 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 being issued by the External Auditor.

To the Chairman of the Council:

I met with Karen Barker, Clerk and RFO on 16 May to carry out the Annual Internal Audit of the Council; I would take this opportunity to thank Karen for her time and assistance and to congratulate her on attaining the CiLCA qualification during the course of the audit year. I noted that BDO as External Auditor identified no audit issues last year and that the issues identified by me either have been or are being addressed and as such are deemed 'work in progress'. I identified the following issues this year;

- no reclaim of VAT was submitted during the audit year. I accept that the sum to be recovered is small but it is nevertheless good practice to reclaim VAT regularly and normally no less than once in each calendar year
- the Council is not currently complying with reg 2.2 of its Financial Regulations that establishes the regime for internal controls, viz specific quarterly checks by the Internal Controls Councillor with the outcome then reported to the Council and recorded in a minute
- the minuting of the budget and precept setting processes (minute 951.3.3) does not explicitly record, either as an action or the amount that a budget was set. It is a legal requirement that the council set a budget so a minute to this effect is always required.
- not all of the information required by the Transparency Code for Smaller Authorities to be displayed on the website is currently being displayed. I would remind the Council that the government has established a Transparency Code fund that provides grants to assist councils achieve compliance with the Code. The Fund has a 3 year life and details are available from your County Association, who administer the grant process locally.

Notwithstanding the abovementioned comments and observations, I am pleased to report I am satisfied that in the main, effective systems to manage, monitor and control the Council's business are in place. Through examination of hard evidence and questioning, I tested all the aspects of the Council's internal controls that I am required to consider at Section 4 of the Annual Return and have signed the Return as required. Please feel free to contact me should you require further advice or assistance with these or any other matters relating to governance.

John Marshall, CiLCA
Internal Auditor to the Council
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The proper practices referred to in Accounts and Audit Regulations 2015 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>