

Internal Audit Report

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

Name of council:	South Croxton Parish Council		
Name of Internal Auditor:	Hannah Surtees	Date of report:	13 May 2022
Year ending:	31 March 2022	Date audit carried out:	13 May 2022

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 Stephen Johnson (Parish Clerk and Responsible Financial Officer) on 13 May 2022 to carry out the 2021-22 year-end internal audit of the Parish Council. I would like to thank Stephen for his time and helpful assistance.

A series of independent audit tests was undertaken using the various financial records, vouchers, documents, minutes and the previous audit report to ascertain the efficiency and effectiveness of the Council's internal controls.

Internal Control

1. The Parish Council receives financial reports at regular intervals throughout the year to monitor progress against its budget. The accounts are completed in a timely manner and bank statements, along with bank reconciliations, are reported to Council.
2. The Council reviewed its banking mandates during the 2021-22 financial year and it is understood that two Councillors are still to complete the relevant process for being added to the mandate.

Financial Management

3. The Parish Council must monitor its current level of reserves and review the level and purpose of all Earmarked Reserves that should be separately identified.

Section 5.32 of Governance and Accountability for Smaller Authorities in England sets the generally accepted recommendation that a Smaller Authority's General Reserve should be maintained at between 3- and 12-months Net Revenue Expenditure.

4. The Parish Council should ensure that consistent values are in place across its Financial Regulations, Standing Orders and Financial Risk assessment documentation for the acquisition of formal tenders and quotations.
5. There is not any petty cash in operation.

Governance

6. The Parish Council holds a list of policies and procedures along with their associated review dates.
7. The Council must be careful to clearly record the precept amount in its minutes.
8. As its annual turnover is less than £25,000, the Parish Council is mindful to comply with the requirements of the Transparency Code for Smaller Authorities.

Risk Management

9. Whilst the Parish Council monitors its areas of responsibility, the method for monitoring should be reviewed to ensure that a robust system is in place as all equipment must be properly maintained and regularly checked in accordance with health and safety guidelines. Training requirements in this area should also be reviewed for those that undertake these checks with written assessments being kept on record.

By reviewing the hard evidence, discussing with the Clerk, and selectively testing a number of transactions, I am satisfied that the Council is operating sound policies and procedures which enable it to deliver its services and fulfil its responsibilities effectively and efficiently. I have tested all the Internal Control Objectives I am required to consider, and in all significant respects, the objectives have been met. I have therefore completed the Internal Audit Report section of the Annual Governance and Accountability Return.

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.

Yours sincerely

LRALC Internal Auditor

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

	Year ending 31 March 2021	Year ending 31 March 2022
1. Balances brought forward	13,357	18,537
2. Annual precept	11,751	11,751
3. Total other receipts	1,611	182
4. Staff costs	2,008	3,442
5. Loan interest/capital repayments	0	0
6. Total other payments	6,175	5,515
7. Balances carried forward	18,537	21,513
8. Total cash and investments	18,537	21,513
9. Total fixed assets and long term assets	26,981	26,981
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 (2018)*. 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-2019-sections-1-5-1.pdf>