

Internal Audit Report

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

Name of council:	Garthorpe & Coston Parish Council		
Name of Internal Auditor:	Martin Cooke	Date of report:	9 th May 2022
Year ending:	31 March 2022	Date audit carried out:	23 rd April & 5 th 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 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:

This internal Audit report was compiled following a number of independent tests / checks being undertaken using various financial records, documents, minutes etc both through the official website and during a virtual Zoom meeting with your Clerk Anne Daly on the 5th May 2022.

It was noted that the Clerk had joined the PC during June 2021.

The following topics were reviewed against our standard checklist format:

Accounting records:

- All details were recorded in the financial ledger, and all appeared to be in order.
- Payments in the ledger were generally covered by invoices and minuted and authorised at the relevant PC meetings.
- VAT had not been claimed for past two years and Clerk confirmed this was currently in hand and would be done during May 2022.
- There were no recordings of S137 expenditure.

Due Process:

- Standing Orders & Financial Regulations had been reviewed in February 2022, SO on the website, updated FR to be added ASAP.
- There was also a Complaints policy in place and displayed on the website.
- Code of Conduct document on the website ***I recommend this be dated when reviewed.***

Risk Management:

- Scanning the minutes there didn't appear to be any unusual activity.
- Insurance was reviewed and cover is provided by BHIB and appears appropriate.
- There was evidence of a review of the Risk Assessment February 2022.
- There are only 2 assets Laptop & Notice board which is checked regularly.
- It was noted that the Council had recently moved to online banking and had agreed on a payment process including a second nominated approval, so the Clerk loads payments after approval in Council then a councillor approves the payment.

Budget / Income:

- Annual Budget & Precept discussed and approved November 21 and displayed accordingly.
- Income was received as expected.

Salaries / Employees:

- The only person on the payroll is the Clerk who has a contract of employment, salary payments are approved at each PC meeting and there was evidence of paid tax to HMRC.
- The Council are registered with the Pension Regulator however, the Clerk has opted out.

Asset Control:

- Assets were reviewed February 2022, 2 items totalling £700
- There are no records of deeds, articles and land registrations being held by the Council.

Accounting Statements:

- It was noted there was one bank account, Clerk confirmed balances would be reviewed and minuted quarterly for Councillor information.
- Accounts were reconciled quarterly against bank statements.
- The Yearend accounts had been prepared, bank statements and ledgers reconciled, these will be signed off at next PC meeting in May 2022.
- Debtors & creditors recorded where necessary and there was evidence of a financial trail through records.
- This year's sections 1 & 2 of the Annual Return had been drafted ready for signing.
- On the limited sample payments taken there was evidence of control with all being approved in Council, minuted and paid accordingly.

Cemeteries:

- The Council has no responsibilities for any cemeteries. However, it was noted that the Council include a figure of £280 in the budget for the Churchyard mowing costs.
As mentioned on my last audit, a point of note, financial Assistance to the Church, suggests that the prohibition on expenditure on property relating to affairs of the church contained in S8 of the 1894 Local Government Act still applies and as a specific restriction, it can be assumed to override all subsequent legislation, including the General Power of Competence and could if tested be considered an illegal act.

Exempt Authorities:

- There was no evidence of an Exemption Certificate being discussed or on the website. This may have been missed during the changeover of Clerk responsibilities. ***This is therefore in breach of the AGAR requirements section "K" and we need to ensure this is minuted and appropriately covered for the coming year.***

Transparency:

- The following were displayed / published as required by 1st July.
 - All expenditure over £100 (covered through displaying meeting minutes).
 - End of year accounts / Accounting Statement.
 - Annual Governance Statement.
 - Asset Register.
- ***The following were not displayed / published as required by 1st July and therefore is in breach of the AGAR requirements section "N".***
 - Certificate of Exemption completed.
 - Internal Audit report.
These items must be displayed by all councils with a gross income or expenditure less than £25,000, can we ensure this is minuted as an action point for the coming year.
- Agendas and meeting papers are published as required and draft minutes were generally issued within one month.
- The PC website is regularly updated and is easy to navigate.

Exercise of Public Rights:

- "The Notice of Public Rights" was placed on the notice board however, this must be displayed on the PC website ***and therefore is in breach of the AGAR requirements section "M".***

Miscellaneous:

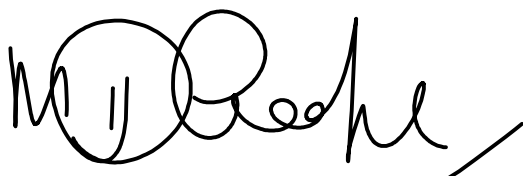
- There was evidence confirming the previous internal audit had been reviewed and noted.
- Clerk confirmed electronic files are backed up regularly.
- Members interests were noted on the Melton BC website.
- Agendas are informative and displayed on the PC website and the PC notice boards at least 3 clear days prior to meeting.
- Minutes were initialled by page and signed by the chair at each meeting.

Annual returns:

The annual return section 2 details (Year Ending 31st March 2022) are set out at the end of this document.

I would like to conclude by thanking Anne for her assistance during the auditing process.

Yours sincerely,



Martin Cooke

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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	£4,334	£2,665
2. Annual precept	£1,000	£2,000
3. Total other receipts	£0	£0
4. Staff costs	£1,841	£1,1514
5. Loan interest/capital repayments	0	0
6. Total other payments	£828	£1,144
7. Balances carried forward	£2,665	£2,370
8. Total cash and investments	£2,665	£2,370
9. Total fixed assets and long-term assets	£700	£700
10. Total borrowings		

The proper practices referred to in Accounts and Audit Regulations are set out in *J PAG Practitioners Guide 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.leicestershireandrutlandalc.gov.uk/uploads/practitioners-guide-2021-1.pdf>