

## Internal Audit Report

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

Name of council:	Ashton Parish Council		
Name of Internal Auditor:	J Hodgson	Date of report:	11/06/2020
Year ending:	31 March 2020	Date audit carried out:	11/06/2020

*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 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 audit has been undertaken 'remotely' in accordance with the Government's restrictions due to the COVID 19 pandemic. I have utilised the Council's website to view necessary information as well as posed questions to the Clerk via email and requested further documents to be emailed to me. Finally a Zoom meeting was held on 11<sup>th</sup> June 2020 with Councillor Dorman, Mrs Sardeson and myself.

It is clear from the Council's Minutes that Mrs Sardeson has progressed well through CiLCA and has been implementing her learning which should be commended.

I have recommended that she pays close attention to the instructions given in the AGAR with regard to what the Council needs to publish and where, together with the publishing schedule in the Transparency Code for Smaller Councils (appendix A).

The Council, as a body corporate, has a legal requirement allow electors to exercise their rights to examine the accounting records. In the Covid 19 situation, with the Clerk required to 'shield', the Council should consider how it will satisfy this legal requirement in the event that an elector would like to exercise that right.

The Governance and Accountability for Smaller Authorities in England (2019) sets out the proper practices for Councils. Section 1.5 states that a Council should have appropriate evidence to support any 'yes' assertion that the Council makes on the AGAR such as a formal set of Minutes. PKF Littlejohn, the external audit body as appointed by SAAA Ltd for Northamptonshire, have stated in their pre-audit briefing that they look for "evidence of what the authority (not just the Clerk or Internal Auditor) have considered before ticking 'yes' -

usually Minutes of a discussion and/or supporting agenda papers". Councillor Dorman was able to detail how this requirement is satisfied.

I would recommend that the Council considers the legal power to support any expenditure decision at the time that this made as opposed when the payment is raised. This is to ensure the lawful power exists before a financial commitment is made. It is particularly important to make a specific resolution to authorise the use of the Local Government Act 1972 s137. I note that the Council does specifically account for s137 monies in its cash book.

I have forwarded to Mrs Sardeson under separate cover a briefing on confidential minutes. The Council may wish reflect on the content of the article with regard to how it administers such matters.

There is a requirement for the Council to agree a budget before it agrees the precept. Whilst it is clear that there has been considerable discussion on the matter of the budget, I could not find a record of a clear resolution to adopt the budget. Minute 8.1 (November 2019) states: "Further to Councillor feedback at the last Full Council meeting, Cllr Dorman had amended the draft 2020/21 Budget and this had been previously circulated in advance of the meeting. It was RESOLVED that a Precept submission of £7,414 be issued to ENC"

It is very clear that Ashton Parish Council applies the utmost diligence to its financial matters and as such having tested all of the objective of internal control as set out in Internal Audit section of the AGAR, through the examination of the evidence and discussions with Mrs Sardeson and Councillor Dorman I am satisfied that the Council has met the requirements and I have signed off the AGAR as required.

I would like to thank Mrs Sardeson and Councillor Dorman for their assistance.

Yours sincerely,

*J Hodgson*

Ms Jenny Hodgson  
Internal Auditor to the Council  
01933 461868

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	5680	10745
2. Annual precept	6650	9474
3. Total other receipts	5277	4984
4. Staff costs	3066	2591
5. Loan interest/capital repayments	0	0
6. Total other payments	3796	5944
7. Balances carried forward	10745	16668
8. Total cash and investments	10745	16668
9. Total fixed assets and long-term assets	4786	7665
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 (2019)*. 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-2019.pdf>