

Internal Audit Report

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

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|---------------------------|----------------------------|-------------------------|----------|
| Name of council: | Ashton Parish Council (EN) | | |
| Name of Internal Auditor: | J Hodgson | Date of report: | 15/06/19 |
| Year ending: | 31 March 2019 | Date audit carried out: | 14/06/19 |

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 have attached, for your information, a copy of the Terms of Reference for the Internal Audit Service, to provide you with an understanding of the scope within which this internal audit has been undertaken.

The Annual Governance and Accountability Return (AGAR) is a statement concerning proper practises as required by statute.

As part of my audit I examined the book keeping, due process, risk assessment, asset control, bank reconciliations and year end processes through documentation available on your website, records held and discussions and questions.

It was very pleasing to see that Ashton Parish Council has fully embraced the transparency requirements and expectations of code for smaller authorities. It is evident that the Council has been examining the governance responsibilities expected for the sector.

I did identify a few minor procedural points that require attention.

All Councils must ensure that they have legal power to spend money wherever there is a resolution to incur expenditure. A Council should not assume such a power exists. Where expenditure is made without such a legal power existing, the Council will be acting beyond its powers and may be challenged. I have recommended that the supporting power is included in the Minutes for each item of expenditure.

The Local Government Act 1972 s137 (Free Resource) does permit a certain amount of expenditure where no other power exists providing specific conditions are met. Where s137 is utilised, a specific resolution must be made and recorded in the Minutes. The expenditure must be separately shown in the cash book.

Whenever an item of expenditure is to be approved or potentially approved, that intention should be clearly stated on the agenda. The reason for this is to give the electorate the opportunity to object if they think fit. Prior notice also gives the Clerk the opportunity to ensure a legal power exists to make such a commitment/payment or to guide the Council as to the resolution to be made.

I recommend that a specific order is followed on the agenda when the AGAR is presented to the Council. This is to ensure that the legislative requirements are met.

Finally I note that the council is looking to establish a number of subcommittees. In law, the Council may appoint a committee and that committee once established by appoint a subcommittee. Therefore it would appropriate to rename these bodies as 'committees'.

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 above.

Yours sincerely,

J Hodgson

Ms Jenny Hodgson
Internal Auditor to the Council



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

| | Year ending 31 March 2018 | Year ending 31 March 2019 |
|--|------------------------------|------------------------------|
| 1. Balances brought forward | 4345 | 5680 |
| 2. Annual precept | 6305 | 6650 |
| 3. Total other receipts | 2506 | 5277 |
| 4. Staff costs | 3416 | 3066 |
| 5. Loan interest/capital repayments | 0 | 0 |
| 6. Total other payments | 4061 | 3796 |
| 7. Balances carried forward | 5680 | 10745 |
| 8. Total cash and investments | 5680 | 10745 |
| 9. Total fixed assets and long-term assets | 4780 | 4786 |
| 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>