

Internal Audit Report

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

Name of council:	Newnham Parish Council		
Name of Internal Auditor:	Fiona Young	Date of report:	16 th June 2023
Year ending:	31 March 2023	Date audit carried out:	June, Remotely

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.

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 conducted a thorough review of the documents on the parish council website plus those supplied to me by Cllr Simpson and Cllr Collins. I would like to thank them both for their help with this audit.

It is clear that the parish council has experienced a period of turbulence following the long term absence of their Clerk, Marion Money and her subsequent retirement in January 2023. At the time of the audit a replacement Clerk had just been appointed, however, she was not in a position to assist with the internal audit or the production of the annual return and year end accounts.

The council are using a receipts and payments accounting system but unfortunately this has been complicated by putting in accruals. This made it very difficult for me to locate the figures that I needed to complete the audit. When the new Clerk & RFO starts her role I would advise that she use a simple Receipts & Payments system, I have referred council to the Practitioners Guide for examples of best practice.

The asset register has been reviewed, however, due to the disruption over the past 18 months some items were not added during the correct financial year. Going forward the council needs to ensure that the asset register is updated every time an item is purchased or removed and that the whole register is approved by full council at least annually.

There is no evidence that bank reconciliation statements have been produced and approved by the council throughout the year. I have therefore ticked No to Box I. It is a requirement of the councils adopted Financial Regulations that the RFO produces a bank reconciliation statement at least every quarter and that this is presented in a full council meeting and is approved and minuted.

The councils budgetary control is very good with regular monitoring of expenditure.

There is very little evidence of internal controls checks throughout the year. Going forward the council needs to ensure that an Internal Controls Councillor is appointed, the nominated person should not be a bank signatory, the internal controls checks should be completed at least quarterly and minuted when complete.

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.

Yours sincerely,



Miss Fiona Young
Ncalc Internal Audit Service
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The figures submitted in the Annual Governance and Accountability Return are:

	Year ending 31 March 2022	Year ending 31 March 2023
1. Balances brought forward	30763	39183
2. Annual precept	34722	34722
3. Total other receipts	6801	4265
4. Staff costs	4756	5162
5. Loan interest/capital repayments	0	0
6. Total other payments	28348	37934
7. Balances carried forward	39183	35073
8. Total cash and investments	39183	35073
9. Total fixed assets and long-term assets	33917	40066
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 (2022)*. 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-2022-8.pdf>

Annual Internal Audit Report 2022/23

NEWNHAM PARISH COUNCIL

NEWNHAM - PARISH.ORG.UK

During the financial year ended 31 March 2023, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2022/23 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			N/A
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.		✓	
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2021/22 AGAR tick "not covered")			✓
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	✓		
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2022-23 AGAR period, were public rights in relation to the 2021-22 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2021/22 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.		No	Not applicable
			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

16/06.2023

Name of person who carried out the internal audit

FIONA YOUNG

Signature of person who carried out the internal audit



Date

16.06.23

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

PLEASE SEE REPORT.

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).