

Internal Audit Report

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

Name of council:	Barby & Onley Parish Council		
Name of Internal Auditor:	John Marshall	Date of report:	02.05.2019
Year ending:	31 March 2019	Date audit carried out:	02.05.2019

*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. It is important to note that managing the council's internal controls is a day-to-day function of the council through its staff and councillors and it would be incorrect to view internal audit as the detailed inspection of all records and transactions of the council in order to detect error or fraud. This report is based on the evidence made available to and seen by me. **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 Catherine Camp, Clerk and RFO on 2nd May to carry out the year-end audit of the Council; I would take this opportunity to thank Catherine for her time and assistance.

During the course of the audit, I examined the Council's arrangements for the management and control of its business in the areas of book keeping, due process (ie compliance with the proper practices as set out in the Practitioners' Guide), risk management, budget setting and monitoring, payroll, asset register, bank reconciliations, internal control and year-end procedures. I also sought evidence that the previous year's reports from Internal and External Auditors had been properly reported to and actioned by the Council; they had.

I discussed a number of procedural matters with Catherine during the course of this audit and I would draw particular attention to the following issue that the Council should consider and address;

- the Council operates several bank accounts that contain sums ranging from £0 to several thousand pounds. Whilst it may be prudent to diversify the cash assets in this way, the extent of this diversification can pose risks in itself, not least of which is the problem of access that can arise if the mandate of a (semi) dormant account becomes out of date. Indeed, I understand the Council has recently encountered just this issue. The requirement to review annually the Council's risk assessment extends to a review of the financial management arrangements and thus the Council should address this matter as part of its current investment deliberations to ensure the arrangements are fit for purpose and in accordance with the Council's Financial Regulations.

This report is based on the evidence made available to me and consequently, the report is limited to those matters set out above. Through examination of hard evidence and questioning, I confirm that I tested all the aspects of the Council's internal controls that I am required to consider at Section 4 of the Annual Return and I am satisfied that effective systems to manage, monitor and control the Council's business either are already or are being put in place. Accordingly, I have completed and signed off the Internal Audit Report at page 3 of the AGAR as required.

John Marshall, CiLCA
Internal Auditor to the Council

The figures submitted in the Annual Return are:

	Year ending 31 March 2018	Year ending 31 March 2019
1. Balances brought forward	150,920	148,685
2. Annual precept	45,565	50,819
3. Total other receipts	53,750	25,675
4. Staff costs	14,581	15,761
5. Loan interest/capital repayments	1,335	5,767
6. Total other payments	85,634	56,915
7. Balances carried forward	148,685	146,736
8. Total cash and investments	148,685	146,736
9. Total fixed assets and long term assets	523,120	533,897
10. Total borrowings	38,858	33,469

The proper practices referred to in Accounts and Audit Regulations 2015 are set out in *Governance and Accountability for Smaller Authorities in England (March 2018), A Practitioners' Guide*. 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:

https://www.pkf-littlejohn.com/sites/default/files/media/documents/governance_and_accountability_for_smaller_authorities_in_england_2018_sections_1-5_0.pdf