

# 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:	14.04.2022
Year ending:	31 March 2022	Date audit carried out:	14.04.2022

*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. 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:

Following discussion with Catherine Camp, Clerk & RFO and by mutual agreement I carried out the audit remotely, by means of e-mail and a virtual meeting online platform. I would thank Catherine for her co-operation and assistance in delivering the audit; receiving the year-end data in good time, together with the quick response to my queries has been very helpful to me.

I firstly examined the publicly available information displayed on the council's website including the council's policies, procedures, agendas, minutes, financial and other records. Because the legal relaxations concerning meetings were largely removed in May 2021, I particularly reviewed the reversion from virtual to face-to-face meetings to ensure that the council's processes and procedures had been properly re-set. I sought evidence that the previous year's Internal and External Audit reports had been properly reported to and where necessary acted upon by the Council.

I then examined the council's arrangements for the management and control of its business in the areas of bookkeeping, 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 and compliance with the display of information including the exercise of public rights. Where necessary, I requested and was provided with supplementary evidence to enable me to reach a conclusion regarding the enquiries I am required to make as set out in the Annual Internal Audit Report (AIAR) that forms part of the Annual Governance and Accountability Return (AGAR). This supplementary information was provided in the form of written answers to the questions raised together with scanned documents including the Accounting Statements (section 2 of the AGAR).

I identified one audit issue and would draw the council's attention to the need for vigilance in respect of the operation of its bank accounts and bond holdings. Experience has shown that the mandate for semi-dormant and deposit accounts can easily be overlooked and quickly become out of date leading to difficulty for the council in accessing the funds. The Santander accounts and bond holding are a case in point.

Furthermore, I understood that because the clerk's personal bank account is also with Santander, the bank's systems recognise that commonality and as a consequence, automatically create a link that allows access to the council's account(s) via her personal account login. This represents a potential vulnerability, that is unwelcome and unwanted by both parties.

I understand that both of these issues are being actively addressed by the clerk and council with a view to them being resolved. For the avoidance of doubt, I would stress that my observations do not stem from any identified problem, rather I draw attention to this vulnerability to emphasise the importance of being able to demonstrate continuing robust financial control and management of the council's finances, necessary for the protection of the clerk and councillors alike.

Notwithstanding these comments and despite a second difficult year, it is very much to the credit of the council and its clerk that the standards of compliance remain above average. I am pleased to be able to report that having tested all the aspects of the council's internal controls that I am required to consider, based on the information made available to me I am satisfied that in all significant respects, the internal control objectives were achieved throughout the financial year to a standard adequate to meet the council's needs. Accordingly, I have completed and signed off the Annual Internal Audit Report as required.

John Marshall, CiLCA  
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The figures submitted in the Annual Return are:

	<b>Year ending 31 March 2021</b>	<b>Year ending 31 March 2022</b>
1. Balances brought forward	149,617	176,615
2. Annual precept	57,330	57,875
3. Total other receipts	42,695	5,946
4. Staff costs	17,004	18,073
5. Loan interest/capital repayments	5,767	5,767
6. Total other payments	50,256	36,411
7. Balances carried forward	176,615	180,185
8. Total cash and investments	176,615	180,185
9. Total fixed assets and long term assets	565,000	566,896
10. Total borrowings	24,126	18,621

The 'proper practices' referred to in the Accounts & Audit Regulations 2015 are set out in sections 1 & 2 of the Practitioners' Guide. A copy of the current version of the Guide and other useful information is available for free download from this page

