

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:	31.05.2023
Year ending:	31 March 2023	Date audit carried out:	31.05.2023

*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 Katrina Jones, 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 Katrina 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. I checked that issues raised by internal and external auditors as part of last year's audit had been drawn to the council's attention and properly addressed; they had.

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 including 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 just one audit issue relating to the clerk incurring expenditure on behalf of the council, using her own funds. This is specifically *prohibited* by the council's current Financial Regulations, reg.6.20 that states 'Personal credit or debit cards of members or staff shall not be used under any circumstances'. However regulations 6.18 and 6.19 specifically *permit* the provision and use of a corporate credit and / or debit card and this is now the most common method used by councils to comply the prohibition in reg 6.20 whilst providing and maintaining adequate, safe and appropriate arrangements for purchasing. I noted that the council already banks with Unity Bank, who offer such a facility by way of a Lloyds Corporate card.

For the avoidance of doubt, I draw attention to this issue not because of any identified irregularity, but to emphasise the importance of being able to demonstrate proper financial management of the council's finances, necessary for the protection of the clerk and councillors alike.

Notwithstanding these comments, 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 council, supported by its diligent Clerk achieved and delivered the internal control objectives 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
 Internal Auditor to the Council
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The figures submitted in the Annual Return are:

	Year ending 31 March 2022	Year ending 31 March 2023
1. Balances brought forward	176,615	180,185
2. Annual precept	57,875	60,483
3. Total other receipts	5,946	15,882
4. Staff costs	18,073	16,613
5. Loan interest/capital repayments	5,767	5,767
6. Total other payments	36,411	55,097
7. Balances carried forward	180,185	179,073
8. Total cash and investments	180,185	179,073
9. Total fixed assets and long term assets	566,896	573,440
10. Total borrowings	18,621	13,076

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
<https://www.pkf-littlejohn.com/services-limited-assurance-regime-useful-documents-and-links>