

## Annual Internal Audit Report

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

Name of council:	Collingtree Parish Council		
Name of Internal Auditor:	Mrs TL Charteress	Date of report:	17 <sup>th</sup> June 2022
Year ending:	31 March 2022	Date audit carried out:	12 <sup>th</sup> May & 17 <sup>th</sup> June 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. 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. 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.*

***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:

Thank you very much to the Parish Clerk for supplying me with the information I requested to carry out this Annual Internal Audit. I have met with the Clerk remotely.

### Results

The work completed is identified in the table below and action required is highlighted:

Area of Work	Observations/Points
Adoption of Policies	Risk Assessments and other key policies were adopted in May 2021 other key policies. <b>NOTE: The Council's Financial Regulations need re-working as there is not a detailed process for obtaining quotes/tenders under £25,000</b>
Accounting Records	The Accounts were properly maintained during the financial year and the correct carry forward figure was rolled over. <b>NOTE: a payment of £40 to the ICO was claimed as an expense by the Clerk. This should be paid annually by direct debit as this will ensure a cheaper payment</b> <b>NOTE: a payment for to the Clock Tower should not come under \$137 as previously reported</b>
Asset Register	The Asset Register has been re-worked is an accurate reflection of council owned assets
Bank reconciliations	Bank reconciliations were reviewed and confirmed to be done on a

	regular basis with due care and attention. Bank balances were confirmed to statements as at the 31 <sup>st</sup> March 2022
Budget	The budget was agreed at the December 2021 meeting and followed due process
Co-option	The Council has followed due process in co-opting new Cllrs
Earmarked Reserves	Reserves are detailed on the Minutes monthly
Insurance	The Annual Insurance policy was reviewed, and cover was agreed with Came & Co at the May 2021 meeting. Further insurances were agreed throughout the year to cover the new build
Internal Control	Internal Control has not been reported regularly. <b>NOTE: I would expect robust Internal Control reporting, especially with the increase in Council activity due to the new build.</b>
Minutes of Meetings	Minutes were reviewed. <b>NOTE: I have asked the Clerk to look at wording of the Minutes going forward as they are sometimes misleading. Example – Minute ref: 785/2021 gives delegated power to Councillors to make payments which is unlaw. The Clerk assures me that this reference refers to a check of the work completed, to then recommend the payments to full Council</b>
PAYE	Payments to HMRC are being paid monthly and are following correct procedures; the Clerk is using the HMRC tools
Precept	The Precept demand was agreed in December 2021 and followed due process
Risk Assessments	The Parish Council’s Risk Assessments were approved at the May 2021 Parish Council meeting
VAT return	The VAT refund was received In August 2021
Website	The website was not up to date and was missing Minutes as at 12 <sup>th</sup> May 2022

## Summary

In my opinion the Council’s books and records are in good order and follow due process in most elements. I do however have concerns regarding governance, and the build project:

- The Council had not secured funding in its bank account before it started the build project. Monies were moved from other accounts to help with funding and the Minutes record that the Clerk was worried in this regard
- The Council managed the build project through extra-ordinary meetings. It would have been easier and more transparent to set up a Build Committee, with Terms of Reference and delegated power
- There was a regular agenda item: Club House matters not covered on the agenda. This is another way of discussing “any other business” and decisions should not have been made during this item
- Quotations were sort by third parties and should have been managed by the Clerk with an agreed specification – this process needs clearly documenting in the Council’s Financial Regulations as it is missing
- The General Power of Competence was adopted half way through the build project and therefore could not be used as a power to pay
- A zero VAT Certificate was signed by the Clerk in 2020. Now the building is open and being hired out, I recommend the Council seeks VAT advise
- A third party managed the financial aspects of the build, and the build went over the agreed amount

I understand the project was carried out during the pandemic and that there was pressure to complete the build due to the timescale of a grant award. The Parish Council however must ensure it is acting lawfully and carrying out due diligence whilst managing it's projects.

I wish the Parish Council a very successful 2022/2023 and look forward to returning in 2023 to carry out the Annual Internal Audit.

Yours sincerely,



Mrs Tina L Charteress CiLCA  
Internal Auditor to the Council  
07818 084231  
tcharteress@gmail.com

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

	<b>Year ending 31 March 2021</b>	<b>Year ending 31 March 2022</b>
1. Balances brought forward	67,830	103,870
2. Annual precept	25,000	27,000
3. Total other receipts	81,924	216,172
4. Staff costs	5,073	10,652
5. Loan interest/capital repayments	0	0
6. Total other payments	65,811	242,613
7. Balances carried forward	103,870	93,777
8. Total cash and investments	103,870	93,777
9. Total fixed assets and long-term assets	84,882	299,883
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 (2020)*. 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-2020-2.pdf>