

# Annual Internal Audit Report 2019/20

## FLECKNEY PARISH COUNCIL ENTER NAME OF AUTHORITY

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation during the financial year ended 31 March 2020.

The internal audit for 2019/20 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	Agreed? Please choose one of the following		
	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.	✓		
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 and year-end bank account reconciliations were properly carried out.	✓		
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 2018/19, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2018/19 AGAR tick "not covered")			✓
L. The authority has demonstrated that during summer 2019 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.	✓		
M. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes ✓	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

19/05/2020

DD/MM/YY

DD/MM/YY

Name of person who carried out the internal audit

Catherine Camp CiLCA; FILCM; IA

Signature of person who carried out the internal audit

*Catherine M Camp*

Date

19/05/2020

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

LRALC Internal

\*\*Note: If the response is 'not covered' please state when the most recent internal audit was carried out 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).

Audit Service

## Internal Audit Report

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

Name of council:	Fleckney Parish Council		
Name of Internal Auditor:	Catherine Camp	Date of report:	19 <sup>th</sup> May 2020
Year ending:	31 March 2020	Date audit carried out:	19 <sup>th</sup> May 2020

*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 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:

Due to the Covid-19 pandemic and as a consequence of the social distancing restrictions imposed by the UK Government I carried out the Internal Audit remotely, by email, and via a zoom conference call.

I met via a Zoom video-conference call with John Fowler (Clerk & RFO) and Jane Everitt (Admin Assistant) on 19 May 2020 to carry out the internal audit of the Council. I would take this opportunity to thank both John & Jane for their time and assistance.

I examined the Council's arrangements for management and control of its business in the areas of book keeping, compliance with proper practices as set out in the Practitioners Guide, risk management, budget setting and monitoring, asset register, bank reconciliations, internal control and year-end procedure.

This is a well run council and I am satisfied that effective systems to manage, monitor and control the Council's business are in place and by examination of the website, hard evidence and questioning, I tested all the Internal Control Objectives that I am required to consider and I am satisfied that in all significant respects, the objectives have been met. To that end, I have completed the Internal Audit Report of the Annual Governance and Accountability Return.

The Financial Regulations of the Council posted on their website require review, and I advised that Standing Orders, Financial Regulations and policy documents of the Council should be reviewed annually, and be made available on the website.

I note that a physical verification of assets as suggested in the Internal Audit last year is still on-going. The Council holds a comprehensive Asset register, but is reluctant to publish it in full on the website for security reasons. I would suggest that it is good practise to do so.


I note that electronic files are backed up to a memory stick, and that cloud back-up is being investigated. I enquired whether there is system to provide access to computer passwords, key codes and keys in the event of a loss of office personnel. I suggested that passwords



could be provided in a sealed envelope to the Chairman to be opened in the presence of two other Councillors should this need ever arise, which would ensure continuity of business.

This report is based on the evidence made available to me. 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. Consequently the report is limited to those matters set out.

Yours sincerely,



Mrs Catherine Camp CiLCA; FILCM; LRALC IA  
Internal Auditor to the Council  
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The figures submitted in the Annual Governance and Accountability Return are:

	Year ending 31 March 2019	Year ending 31 March 2020
1. Balances brought forward	211,908	253,829
2. Annual precept	133,710	135,050
3. Total other receipts	53,967	46,540
4. Staff costs	61,208	66,156
5. Loan interest/capital repayments	13,692	10,759
6. Total other payments	70,856	78,092
7. Balances carried forward	253,829	280,412
8. Total cash and investments	260,527	299,013
9. Total fixed assets and long term assets	1,409,058	1,419,233
10. Total borrowings	25,496	15,234

The proper practices referred to in Accounts and Audit Regulations are set out in *Governance and Accountability for Smaller Authorities in England (2018)*. 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:

<http://www.leicestershireandrutlandalc.gov.uk/uploads/governance-and-accountability-for-smaller-authorities-in-england-2019-sections-1-5-1.pdf>