

Internal Audit Report

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

Name of council:	Cottingham Parish Council		
Name of Internal Auditor:	Helen Hoier	Date of report:	6 May 2020
Year ending:	31 March 2020	Date audit carried out:	29 April 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 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:

I met with Rachel Raj (Clerk/RFO) on 29 April 2020 via Zoom to carry out the year-end audit of the Council. Upon examination of bookkeeping, due process, risk management, budget, payroll, asset control, bank reconciliations and year-end procedures; it is clear that every effort is made to ensure that the Council acts lawfully, transparently and in accordance with proper practices. Due to unforeseen circumstances however; not all of the internal control objectives have been achieved to an adequate standard during 2019/20. I am satisfied that any issues raised in my report as a result of this situation are being addressed. I am also particularly impressed at Rachel Raj's efficiency in preparing for and responding to the audit despite having no previous experience in the role of Clerk/RFO.

The Council has a turnover of over £25,000 and therefore is not obliged to comply with The Transparency Code, however governance and financial documents are easily accessible to interested parties via the Council's website. The Council is not currently eligible to use the General Power of Competence and as such understands that it must ensure it spends within its legal powers (particularly Section 137 under which there was an item of expenditure in 2019/20).

Issues raised in 2018/19:

- Ensuring that the Council's financial and governance procedures with regards to accountability and transparency are as effective as possible for which suggestions included:
 - The use of private e-mail addresses for Council business is either replaced by a corporate address or risk assessed in respect of the Council's obligations under the Data Protection Act 2018 and the Freedom of Information Act 2000.
 - The approval of the Council's budget is transacted prior to a separate agenda item setting the precept.
 - The inclusion of each legal power to spend with the relevant budget heading when completing the budgeting process.
 - The date of the relevant meeting is included with the unique page number in the footer of the minutes and the Chairman initials all the preceding pages to his/her signature.
 - The total balance of all accounts is recorded in the minutes when the Council approves the bank reconciliation.

Issues raised in 2019/20:

- It is evident from governing documents and when speaking with the Clerk/RFO that the Council is aware of its responsibilities regarding public finances including risk management. However, as the Council did not carry out its annual risk assessment within the financial year, I am required to respond 'no' to internal control objective C.
- It is recommended that the Council's governing documents are reviewed each year at its Annual Meeting to ensure it adopts the latest version in order to comply with any new financial and governance legislation.
- The Council maintains an asset register and confirms that its insurance cover is adequate. Any changes to the asset register (including the method of valuation) must be explained fully and the previous year restated if necessary (please see pages 48-50 and 55-57 of A Practitioners' Guide 2019).

Other than the above matters, the Council appears to be performing well, with its business affairs managed properly by a newly appointed but very competent Clerk/RFO supported by committed Council members.

Yours sincerely



Mrs Helen Hoier
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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	55,768	55,489
2. Annual precept	16,678	17,989
3. Total other receipts	4,739	19,100
4. Staff costs	9,958	11,764
5. Loan interest/capital repayments	711	711
6. Total other payments	11,027	33,631
7. Balances carried forward	55,489	46,472
8. Total cash and investments	55,489	46,472
9. Total fixed assets and long-term assets	23,416	123,140
10. Total borrowings	5,718	5,453

The proper practices referred to in Accounts and Audit Regulations are set out in *Governance and Accountability for Smaller Authorities in England (2019)*. 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-2019.pdf>