

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:	18 May 2021
Year ending:	31 March 2021	Date audit carried out:	28 April 2021

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 28 April 2021 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. I am also particularly impressed at the Council's ability to continue to carry out its functions over the past year despite the challenges posed by the pandemic.

The Council has a turnover of over £25,000 and therefore is not obliged to comply with the Transparency Code, however all 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 2020/21).

Issues raised in 2019/20:

- Carrying out the Council's annual risk assessment within the financial year.
- Reviewing the Council's governing documents at its Annual Meeting to ensure it adopts the latest version in order to comply with any new financial and governance legislation.
- Maintaining an asset register and confirming that the Council's insurance cover is adequate.
- The 2019/20 external audit reported that the AGAR submitted was incorrect, not completed accurately before submission for review and required amendments.

Issues raised in 2020/21:

- Upon examination of evidence regarding a gratuity payment to the former Clerk/RFO, I am satisfied that every effort was made to ensure the Council acted legitimately.
- It is evident from governing documents and when speaking with the Clerk/RFO that the Council is fully aware of its responsibilities regarding public finances, especially with regards to accountability, governance and transparency. However, this could be even more effective by ensuring the following:
 - Continuing to transact the annual budgeting process within the same agenda item but minuting the budget and precept separately in a sub list.
 - Including the date of the relevant meeting with the unique page number in the footer of the minutes and the Chairman initialing all the preceding pages to his/her signature.

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

Yours sincerely



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

	Year ending 31 March 2020	Year ending 31 March 2021
1. Balances brought forward	55,489	46,472
2. Annual precept	17,989	18,550
3. Total other receipts	19,100	17,297
4. Staff costs	11,764	6,326
5. Loan interest/capital repayments	711	711
6. Total other payments	33,631	55,389
7. Balances carried forward	46,472	19,893
8. Total cash and investments	46,472	19,893
9. Total fixed assets and long-term assets	123,140	128,851
10. Total borrowings	5,453	5,166

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>