

Internal Audit Report

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

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|---------------------------|---------------------------|-------------------------|------------|
| Name of council: | Cottingham Parish Council | | |
| Name of Internal Auditor: | Helen Hoier | Date of report: | 21/04/2023 |
| Year ending: | 31 March 2023 | Date audit carried out: | 20/04/2023 |

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. 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 20 April 2023 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, the Council was not able to achieve one of the internal control objectives to an adequate standard during 2022/23. I am satisfied that this is an exceptional situation and that any issues raised in my report as a result are being addressed.

The Council has a turnover of under £25,000 and is therefore obliged to comply with the Transparency Code by publishing its financial and governance documents on its 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 were items of expenditure in 2022/23).

Issues raised in 2021/22:

- Not reviewing the Council's annual risk assessment within the 2021/2022 financial year resulting in a 'no' response to internal control objective C.
- Ensuring that the Council's internal controls and financial procedures with regards to accountability and transparency are as effective as possible for which suggestions included:
 - Recording clearly and regularly that the Council is carrying out its functions correctly which will demonstrate effectively the Council's compliance with the latest legislation.
 - Appointing a Council member who is not a bank signatory as an Internal Controller to verify bank reconciliations.

- Ensuring that any action taken by the Council is formalised only at a legally convened meeting.
- Reviewing governing documents each year at the Council's Annual Meeting to ensure it adopts the latest version.
- Ensuring that the correct legal power to spend is used when checking details of the monthly schedule of payments.
- Providing a hyperlink from the Council's home page to members' interests held on North Northamptonshire Council's website.
- The 2021/22 external audit included matters reported as follows:
 - Accounting Statements (Section 2) was not signed by the RFO.
 - Assertion 5 of the Annual Governance Statement (Section 1) should have been answered 'no' because the risk assessment was not approved during the year under review.

Issues raised in 2022/23:

- The Council was subject to a limited assurance review in 2021/22 due to an annual turnover of over £25,000. However, as the relevant data was not published on the Council's website, I am required to respond 'no' to internal control objective N.
- 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:
 - Recording in the minutes the Council's regular monitoring of performance against its budget.
 - Continuing to transact the Council's approval of the Annual Governance and Accountability Return within the same agenda item but minuting Section 1 and Section 2 separately in a sub list.
 - Acknowledging the Council's official local government status:
 - Referring to the May meeting as the Annual Meeting of the Council (as opposed to the AGM which is a legal requirement for companies and charities) and ideally transacting all business for the month using a single agenda once statutory procedures have been completed in accordance with Model Standing Orders 5 (e) and (j).
 - Replacing the use of private e-mail addresses for Council business with a corporate address in compliance with General Data Protection Regulation as prescribed in the 2023 edition of The Practitioners' Guide (paragraph 5.205 refers).

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 2022 | Year ending 31 March 2023 |
|--|--------------------------------------|--------------------------------------|
| 1. Balances brought forward | 19,893 | 23,767 |
| 2. Annual precept | 19,586 | 19,978 |
| 3. Total other receipts | 8,285 | 2,136 |
| 4. Staff costs | 8,073 | 7,584 |
| 5. Loan interest/capital repayments | 711 | 711 |
| 6. Total other payments | 15,213 | 12,136 |
| 7. Balances carried forward | 23,767 | 25,450 |
| 8. Total cash and investments | 23,767 | 25,450 |
| 9. Total fixed assets and long-term assets | 130,746 | 134,523 |
| 10. Total borrowings | 4,856 | 4,521 |

The proper practices referred to in Accounts and Audit Regulations are set out in *Governance and Accountability for Smaller Authorities in England (2022)*. 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-2022-8.pdf>