

Internal Audit Report

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

Name of council:	Overstone Parish Council		
Name of Internal Auditor:	John Marshall	Date of report:	21.04.2020
Year ending:	31 March 2020	Date audit carried out:	21.04.2020

*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. It is important to note that managing the council's internal controls is a day-to-day function of the council through its staff and councillors and it would be incorrect to view internal audit as the detailed inspection of all records and transactions of the council in order to detect error or fraud. This report is based on the evidence made available to and seen by me. **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 legal distancing restrictions imposed by the UK government I carried out the audit remotely, by e-mail and phone. I would thank Emma Gibson, Clerk and RFO for her co-operation and assistance in delivering the audit.

I firstly sought evidence that the previous year's reports from Internal and External Auditors had been properly reported to and actioned by the Council. I then examined the Council's arrangements for the management and control of its business in the areas of book keeping, due process (ie compliance with the proper practices as set out in the Practitioners' Guide), risk management, budget setting and monitoring, payroll, asset register, bank reconciliations, internal control and year-end procedures. This was achieved through examination of the publically available information displayed on the Council's excellent website - policies, procedures, agendas, minutes, financial and other records - and where necessary I requested and was provided with supplementary evidence to enable me to reach a conclusion regarding the enquiries I am required to make as set out in the Annual Internal Audit Report (AIAR) that forms part of the Annual Governance and Accountability Return (AGAR). This supplementary information was provided in the form of written answers to the questions raised together with scanned documents, including the Accounting Statements, section 2 of the AGAR.

I noted the following audit issues that the Council should now address. The documentation required to demonstrate compliance with the General Data Protection Regulation (GDPR) is no longer displayed on the council's website and it appears that some councillors continue to use personal rather than corporate e-mail addresses. This is not best practice and since the advent of GDPR Councillors, like the Clerk should have and use a dedicated corporate e-mail address; note this does not have to be a paid-for service, a dedicated e-mail address from a free provider will suffice. Without that, the GDPR sign-off when a councillor leaves the council is almost impossible to deliver, as personal and council mail and business are inter-twined.

This report is based on the evidence made available to me and consequently, the report is limited to those matters set out above. I am pleased to be able to report that having tested all the aspects of the Council's internal controls that I am required to consider I am satisfied that effective systems to manage, monitor and control the Council's business are in place. Accordingly, I have completed and signed off the Annual Internal Audit Report as required.

John Marshall, CiLCA
 Internal Auditor to the Council
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The figures submitted in the Annual Return are:

	Year ending 31 March 2019	Year ending 31 March 2020
1. Balances brought forward	24,171	24,611
2. Annual precept	25,340	24,997
3. Total other receipts	3,584	1,350
4. Staff costs	1,516	8,394
5. Loan interest/capital repayments	2,029	2,029
6. Total other payments	24,939	17,874
7. Balances carried forward	24,611	22,661
8. Total cash and investments	24,611	22,661
9. Total fixed assets and long term assets	49,360	47,453
10. Total borrowings	25,999	24,774

*The proper practices referred to in Accounts and Audit Regulations 2015 are set out in *Governance and Accountability for Smaller Authorities in England (March 2019), A Practitioners' Guide*. Please note that sections 1 & 2 constitute the 'proper practices' that smaller authorities must follow and sets out the appropriate standard of financial reporting. Please note this version applies for 2019/20, however *Governance & Accountability for Smaller Authorities in England (March 2020)* is available for early adoption. The Joint Panel on Accounting & Governance (JPAG) has only clarified proper practices - there have been no material changes. A copy of the guide is available for free download from this page:

<https://www.pkf-littlejohn.com/services-limited-assurance-regime-useful-documents-and-links>