

Annual Internal Audit Report

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

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|---------------------------|--------------------------|-------------------------|----------|
| Name of council: | Overstone Parish Council | | |
| Name of Internal Auditor: | John Marshall | Date of report: | 23.05.18 |
| Year ending: | 31 March 2018 | Date audit carried out: | 22.05.18 |

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 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 Jane Austin, Clerk and RFO on 22 May to carry out the year-end audit of the Council; I would take this opportunity to thank Jane for her time and assistance.

Last year, no audit issues were identified by either the Internal or External Auditors. This year, I identified just two audit issues, that the Council should consider and address;

- Councils are charged with securing 'best value' and as such, should regularly review service providers to ensure that this is being achieved. The Council undertakes such a review in respect of its insurance but not, currently in respect of its street lighting energy supplier. This latter market has now opened up and become quite competitive, even for small consumers as demonstrated by the NCALC review, a copy of which has been provided to the Clerk.
- I noted that the Council has embarked on the preparation of a Neighbourhood Development Plan and that some £1,240 (believed to be government grant funding from Locality) currently resides within the Council's reserves. However, save for printing some promotional material the Council appears to have made little progress with this initiative during the course of the audit year. It is important to recognise that where grants are not used for the intended purpose and within the agreed timescale, the donor can - and does - recall and recover the funds, so this sum cannot be considered to be part of the reserves.

Notwithstanding these comments, through examination of information provided on the Council's website and the inspection of hard evidence and questioning, I tested all of the objectives of Internal Controls set out in the Internal Audit Report, part of the Annual Governance and Accountability Return (AGAR). I am satisfied that in all significant respects, the internal control objectives have been achieved and accordingly, I have completed and signed off the Annual Return (AGAR) as required.

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

| | Year ending 31 March 2017 | Year ending 31 March 2018 |
|--|------------------------------|------------------------------|
| 1. Balances brought forward | 26,074 | 29,457 |
| 2. Annual precept | 24,815 | 25,340 |
| 3. Total other receipts | 2,860 | 3,257 |
| 4. Staff costs | 1,287 | 1,475 |
| 5. Loan interest/capital repayments | 2,029 | 2,029 |
| 6. Total other payments | 20,976 | 30,379 |
| 7. Balances carried forward | 29,457 | 24,171 |
| 8. Total cash and investments | 29,457 | 24,171 |
| 9. Total fixed assets and long term assets | 44,854 | 49,060 |
| 10. Total borrowings | 28,338 | 27,187 |

The proper practices referred to in Accounts and Audit Regulations 2015 are set out in *Governance and Accountability for Smaller Authorities in England (March 2018), A Practitioners' Guide*. 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:

https://www.pkflittlejohn.com/sites/default/files/media/documents/governance_and_accountability_for_smaller_authorities_in_england_2018_sections_1-5_0.pdf