

Internal Audit Report

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

Name of council:	Cosgrove Parish Council		
Name of Internal Auditor:	Kate Houlihan	Date of report:	28 May 2023
Year ending:	31 March 2023	Date audit carried out:	12 May 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 carried out the year end audit in person on Friday 12 May 2023. I would like to thank the Clerk Derek Everett for his time and hospitality during the audit. I understand that Derek has now retired but kindly agreed to carry out the audit. I would like to wish Derek a happy retirement.

Prior to the meeting I conducted a review of the documentation available on the Council's website including Council policies, financial information and minutes.

Risk Management

The Council has reviewed their arrangements to manage identified risks and has a Risk assessment in place. The Risk assessment policy was agreed at a Council meeting in June 2022.

Core Policies

Standing Orders, Financial regulations, Revised Code of conduct, Complaints procedures, Freedom of information details and Data Protection Policies were all agreed in June 2022.

Minutes

I have reviewed the council minutes for 2022/2023, the minutes did not show any unusual activities. The minutes are agreed by the Council, signed by the Chairman and consecutively numbered.

Asset Register

The asset register is up to date and has been approved by the Council. It would be helpful if the asset register showed the month the assets were added to or removed from the asset register as this would make it easier to identify the financial year that the register was updated.

VAT

VAT on expenditure items is recorded correctly in the Receipts and Payments ledger. I checked several payments with the relevant invoices and was able to follow the audit trail on these transactions. VAT has been reclaimed from HMRC.

Budgets/ Precept

The Council set a Precept of £23,500 for the financial year 2022/23. However, the precept was agreed in January 2022, minute 10d, this was in advance of the Council agreeing the budget, which was agreed in February 2022. There is a regulatory requirement that a budget is agreed prior to a precept being set. I have therefore answered no to section D of the Annual Internal Audit Report (AIAR). The Council did regularly monitor progress against the budget.

Salaries to Employees

The Clerk's salary has been paid in accordance with Council approval and recorded in the Receipts and Payments accounts and in the minutes of the Council appropriate deductions are made for tax and national insurance.

Bank Accounts and payments

An audit trail on a number of transactions was carried out linking payments to the cash book and invoices. All was in order. However, I did note that the Council's electricity bill for the unmetered connection for street lights was out of contract, it may now be worth the Council reviewing the energy provider and prices.

In addition, the Council pays over £400 per annum for Microsoft licenses, the Council should ensure that these licenses are being used and offer the best value for money.

The Clerk has prepared the accounts on the correct accounting procedure – Receipts and payments.

There is a Bank reconciliation for each of the Council's Bank accounts and there are no unexplained balancing entries in the Account ledger and the Bank statements at 31.03.2023.

Exercise of Public Rights

The Council correctly set the dates for the exercise of public rights which must include the first 10 working days in July. However, the notice is dated the same day as the commencement for the period for the exercise of public rights and the announcement must be made at least 1 clear day before the commencement of the period. I have therefore answered no to section M of the AIAR.

Petty Cash

The Council does not operate a petty cash float, so this area was not covered.

Approval of the AGAR.

The Practitioners Guide details the order in which the various sections of the AGAR should be approved.

This should be:

- The report of the Internal Auditor,
- The Annual Governance Statement, and then
- The Accounting Statement.

Yours sincerely

K Houlihan

Miss Kate Houlihan

Internal Auditor to the Council

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. 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	47,179	51,820
2. Annual precept	23,000	23,500
3. Total other receipts	4,177	31,277
4. Staff costs	5,760	6,900
5. Loan interest/capital repayments	0	0
6. Total other payments	16,776	32,396
7. Balances carried forward	51,820	67,301
8. Total cash and investments	51,820	67,301
9. Total fixed assets and long-term assets	51,502	51,503
10. Total borrowings	0	0