

Annual Internal Audit Report

(to be read in conjunction with Section 4 of the Annual Return)

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|---------------------------|---------------------------|-------------------------|----------|
| Name of council: | Braybrooke Parish Council | | |
| Name of Internal Auditor: | John Marshall | Date of report: | 27.05.15 |
| Year ending: | 31 March 2015 | Date audit carried out: | 26.05.15 |

*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 Frances Allbury, Clerk and RFO on 26 May to carry out the year-end audit of the Council; I would take this opportunity to thank Frances for her time and assistance. I noted that the Council has experienced considerable internal disruption and upheaval during the course of this audit year as a result of being without a Clerk for approximately half of the year. Mindful of that and noting that the Council's Minutes are largely silent on the matter of the Clerk's departure, I would emphasise the importance of ensuring that a record has been made of the events and decisions taken during this spell, particularly the financial decisions taken by the Council in relation to this matter and that this record is preserved.

The Council has recently appointed a new and experienced Clerk who has already implemented some necessary changes and improvements to policies and procedures. Some of these are related to good governance, others are issues related to compliance with legal requirements and the 'proper practices', not least of which is the need for the Council to be registered with HMRC for PAYE purposes, a matter that is long overdue. Other issues noted at this visit were as follows;

- the accounting records do not make provision for recording items of s.137 expenditure. The Council should also note that s.137 can only be used where there is no other specific power available and cannot be used to benefit individuals.
- the Financial and Management Risk Assessment is a little 'thin'; the Clerk already has the necessary revision work in hand. Furthermore, as with Standing Orders and Financial Regulations, the Risk Assessment must be formally reviewed and (re)-adopted each year.
- the Financial Regulations must reflect the Council's current practice rather than include generalised options. I understood that some online banking takes place and whilst the current Regulations permit this (because the NALC Model template was used), the specific arrangements regarding payment authorisation, signatories etc need to be codified and should be recorded as part of the Risk Assessment.

By examination of hard evidence and questioning, I tested all the aspects of the Council's internal controls that I am required to consider at Section 4 of the Annual Return and I am satisfied that effective systems to manage, monitor and control the Council's business either are or will be in place. Accordingly, I have completed and signed off section 4 of the Annual Return 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 2014 | Year ending 31 March 2015 |
|--|------------------------------|------------------------------|
| 1. Balances brought forward | 995 | 1507 |
| 2. Annual precept | 1300 | 3000 |
| 3. Total other receipts | 2658 | 547 |
| 4. Staff costs | 2264 | 1053 |
| 5. Loan interest/capital repayments | 0 | 0 |
| 6. Total other payments | 1182 | 2610 |
| 7. Balances carried forward | 1507 | 1391 |
| 8. Total cash and investments | 1507 | 1391 |
| 9. Total fixed assets and long term assets | 215,421 | 215,421 |
| 10. Total borrowings | | |

The proper practices referred to in Accounts and Audit Regulations are set out in *Governance and Accountability for Local Councils – A Practitioners’ Guide (England) March 2014*. 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

<http://www.nalc.gov.uk/library/publications/803-governance-and-accountability-with-appendix/file>