

Internal Audit Report

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

Name of council:	Twywell Parish Council		
Name of Internal Auditor:	Gill Wells	Date of report:	26 th April 2024
Year ending:	31 March 2024	Date audit carried out:	26th April 2024

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 audit remotely, followed by an online meeting with the Clerk, Helen Keech. I would like to thank Helen for her co-operation and assistance during the meeting and for forwarding the year-end data in good time which has been very helpful to me in delivering the audit.

I firstly examined the publicly available information displayed on the council's website including the council's policies, procedures, agendas, minutes, financial and other records.

I examined the council's arrangements for the management and control of its business in the areas of bookkeeping, 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 including the display of information including the exercise of public rights.

At our meeting, the Clerk and myself discussed a number of good practices and I

have highlighted a few areas that the Council should consider, be mindful of, & / or take action on:-

- The Clerk has not received a salary since their employment commenced. Therefore, the Council is currently in breach of contract as the Clerk's contract, which is a legally binding document, states they will be paid on the 25th day of each month in remuneration for their services to the Council. Whilst I appreciate that the Clerk is looking into this herself the Council is the Employer and this should have and could have been rectified before the staff members employment commenced or, at least, should have been a priority for the Council to establish before the 1st payment date arrived. NCALC have knowledge of PAYE professionals who would / could / can assist with the process if Members of the Council were / are unsure how to proceed. Consequently, given the timescales since employment commenced the Council could be at risk of legal action against it, notwithstanding the potential impact of not receiving a salary for the Member of Staff. Moreover, as the payment date is set for 25th of each month the Council should make arrangements for this payment to be made regardless of whether there is a meeting in that month as it is a contractual obligation entered into by both parties. The Council has not met its obligation.
- I have suggested that as a priority the Council should review the insurance cover it has when it is up for renewal in June 2024 and recommend any changes to the schedule to ensure it meets the current needs of the Council. The review and any outcome or decisions to amend the schedule (or not) should be minuted so it is clear that the Council are mindful of their obligations and any risks.
- Section 6.20 of the Financial Regulations states that '*Personal credit or debit cards of members of staff shall not be used under any circumstances*'. I have spoken to the Clerk about why staff should not be expected to purchase items for the Council and then await reimbursement. The Council has approved the financial regulations and therefore should be ensuring that this is adhered to.
- Section 7.4 of the Financial Regulations states that '*each and every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a separate confidential record (confidential cash book). This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:*
a) by any councillor who can demonstrate a need to know;
b) by the internal auditor;
c) by the external auditor; or
d) by any person authorised under Audit Commission Act 1998, or any superseding legislation.

Whilst I note the current Clerk has not been paid to date it is hoped this will be rectified soon. This is, therefore, a useful reminder to the Council and Clerk regarding the recording of salaries in minutes and or discussions pertaining to the Clerk's review and any revisions of salary and publication of such.

- The approval of the budget and precept cannot be delegated to any other than the Council as a whole. The budget must be approved and minuted as being approved by the Council prior to the Precept sum being approved. The budget drives the precept required.
- It is understood that the current Clerk is working back through historic accounts and data to identify payments and expenses including a larger, & not an insignificant amount, in the allotment funds.

- The Clerk is aware that the Council can reclaim VAT under regulation VAT 126. It appears that VAT sums have not been recovered for some considerable time and I have received assurances that this will be prioritised in the coming weeks.
- Whilst it is noted that the financial position of the Council is now received and documented at each meeting this has not been the case throughout the audit period and only latterly introduced. The AIAR indicates this but, as said, I am aware that the Council has and is now carrying out appropriate and regular reporting of accounting records.

The Council, together with and supported by its diligent Clerk, has shown vast improvement in its functionality although it is noted that it continues to identify historic issues and concerns resulting from when the Council was unable to fully function and carry out responsibilities to benefit the parish as a whole despite best efforts. I am now more confident that the Council will continue to recover its confidence and move forward. Accordingly, I have completed and signed off the Annual Internal Audit Report as required.

Yours sincerely,



Mrs G Wells
Internal Auditor to the Council
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The figures submitted in the Annual Governance and Accountability Return are:

	Year ending 31 March 2023	Year ending 31 March 2024
1. Balances brought forward	10720	12578
2. Annual precept	6240	6240
3. Total other receipts	447	685
4. Staff costs	0	75
5. Loan interest/capital repayments	0	0
6. Total other payments	4829	2733
7. Balances carried forward	12578	16695
8. Total cash and investments	12578	16695
9. Total fixed assets and long-term assets	30600	32277
10. Total borrowings	0	0

The proper practices referred to in Accounts and Audit Regulations are set out in *Governance and Accountability for Smaller Authorities in England (2023)*. 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/practitioners-guide>