



## Internal Audit Report.

This audit report is to read in conjunction with the Annual Internal Audit Report in the Annual Governance and Accountability Return.

Council:	North Thoresby Parish Council
Internal Auditor:	Carl Thomas
Year Ending:	31/03/2023
Date of Report	20 <sup>th</sup> April 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 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.**

I have completed a thorough audit of North Thoresby Parish Council primarily limited to systems and procedures and financial balancing. I have not undertaken an indepth audit of the accounts but would be happy to do so if required.

From what I have seen I do not consider that such an audit is necessary.

### **PREVIOUS AUDIT**

Following the audit report for the period 2021/22 purchases are now being made in accordance with the Financial Regulations, VAT reclaims have been brought up to date, various recommended policies have been introduced and risk management has increased significantly.

## **GOVERNANCE**

At the time of the audit in January 2023 a significant number of policies had been adopted covering all areas.

There are no Terms of Reference for the HR Committee and the Code of Conduct is out of date. GDPR policies could benefit from improvement.

Insurance cover was adequate.

### **Recommendations:-**

- *Consider implementing a Scheme of Delegation.*

## **TRANSPARENCY**

All requirements are met.

## **ACCOUNTING**

Simple, clear spreadsheet used for accounting showing income and payments and a snapshot seen payments cross referenced to payments. Easy to understand.

There is evidence of internal control although no policy in place. It would be recommended to adopt a formal Internal Control Policy.

VAT claims have now been brought up to date.

There was no budget consultation undertaken in 2021/22 to reach the precept level for 2022/23 with a reliance upon reserves to cover a shortfall between expenses and income. For 2023/24 an excellent and very thorough budget process was undertaken.

There is a concern regarding cash handling up until January 2023 as there appears to be no control or audit of cash. The Clerk introduced a new process to reduce and ultimately eliminate the handling of cash.

### **Recommendations:-**

- *Consider implementing an Internal Control Policy*
- *Monitor and improve any handling of cash including a strict process.*

## **DUE PROCESS**

Agenda's correct and available.

Minutes correct and available.

List of Members Interests available.

Fixed assets have been reviewed.

## **RISK MANAGEMENT**

No unusual activity identified within the minutes.

Insurance has been reviewed and appropriate.

Bank balances are reported to meetings.

Financial reporting is provided to the council monthly with a clear and thorough report.

Section 137 payments have been made and reported correctly.

The Clerk operates a backup system for files which is appropriate.

## **BUDGET**

Appropriate budget process completed in setting the precept.

Reserves adequate.

## **PAYROLL**

No areas of concern.

## **ASSET CONTROL**

Asset register has been reviewed.

## **BANK RECONCILIATIONS**

Within the accounting records there appears to be appropriate bank reconciliation although this has not been cross referenced to a bank statement. Bank reconciliations provided at each meeting.

## **YEAR END PROCEDURES**

No areas of concern.

Annual return correctly signed and submitted in previous year.

Notice of Public Rights correctly published.

## **SUMMARY**

The Council is well governed and where recommendations were made at the interim audit those recommendations have been implemented. There was a significant difference to previous years and this is a credit to the Clerk.

As such the only recommendations I would make is to consider an Internal Control Policy and to improve policies regarding GDPR. Work to improve control of cash such continue in accordance with the new procedures introduced.

I would also recommend a Scheme of Delegation be introduced.

I would also like to thank the clerk, Tony Shaw, for his co-operation in conducting this audit.

Carl Thomas

20<sup>th</sup> April 2023