

Internal Audit Report

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

Name of council:	NEWTOWN LINFORD PC		
Name of Internal Auditor:	STUART MCDONALD	Date of report:	19/4/24
Year ending:	31 March 2024	Date audit carried out:	16/4/24

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 proper practices referred to in Accounts and Audit Regulations are set out in JPAG Practitioners Guide. 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 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 Chair of the Council:

I met with Hannah Shaw, the Clerk, on 16th April to carry out the Internal Audit of the Council for the year ended 31st March 2024. I should like to thank her for her hospitality and for her help in providing me with the information and documents I required to complete the audit.

Last year's Internal Audit comments:

I am pleased to report that all of the recommendations have been actioned, apart from the following:

1. On-line payments are not subject to dual authorisation. I understand this was considered by the Council, but it was agreed to stay with the current system. In the absence of this particular control, there should be other compensating safeguards in place, and I have discussed this with the Clerk. I am satisfied that the Council has in place other suitable controls, the most important of which is the regular sign-off by two Councillors of the bank reconciliations to the underlying accounts. I also note regular payments are authorised by the Council in May, and the Clerk also has delegated powers approved by the Council. Having said all that, best practice would be a system of dual authorisation.
2. No official training for the councillors who carry out play area inspections. I understand that Charnwood Borough Council carry out a professional annual inspection, and in my view, this should suffice.
3. It was recommended that the Council carry out and minute regular formal checks of actual v. budgeted expenditure throughout the year e.g., at least quarterly. This is indeed carried

out prior to the setting of the precept, and on an informal basis at other times, but more formal regular checks would highlight potential under and overspends for each expense category, and enable remedial action to be taken in good time. Importantly, these checks should be minuted. This is best practice as per the Practitioners Guide paras 1.8 and 5.26 (2024 version).

4. A Government Gateway account has not been setup, as not considered necessary given the staffing level.

I understand councillors are in the process of being migrated to gov.uk email addresses.

Last Year’s External Auditor comments:

It was noted that the AGAR was not approved prior to the Notice relating to the Period for Public Rights. The Clerk has assured me this was an inadvertent error, and the correct order will be followed next time.

This year’s comments:

Weekly Inspections - these are carried out regularly by individual councillors. I recommend that all such inspections are minuted, even if there was not an actionable outcome. The Council will then have a written record of the inspections it has carried out, should there ever be a need to provide proof.

Reserves - the Reserves policy adopted by the Council states that general reserves should be between 3 and 6 months of predicted expenditure. At present, the figure is in excess of this, being around 12 months. I am assured the reserves policy should state between 3 and 12 months, which is the recommended level as per the Practitioners Guide, and that the Clerk will take the necessary steps to amend the policy in due course.

I am required to state why I have ticked “Not covered” in answer to objective F (Petty Cash) – it is, quite simply that the Council does not operate a Petty Cash system. I see the External Auditor noted there was a 1p balance in the Petty Cash – there still is, but there is no operational Petty Cash system.

CONCLUSION

Notwithstanding the comments above, by reviewing the hard evidence, discussing with the Clerk, and selectively testing a small number of transactions, I am satisfied that the Council is operating sound policies and procedures which enable it to deliver its services and fulfil its responsibilities effectively and efficiently. I have tested all the Internal Control Objectives I am required to consider, and in all significant respects, the objectives have been met.

Have comments from the internal audit 2022-2023 been addressed?

Recommendation 2022-2023	Comment
See my comments above	

Areas in the 2023-2024 AGAR Annual Internal Audit Report for which Yes or N/A cannot be ticked

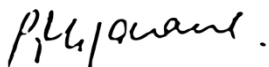
NONE

	Reason
A	
B	
C	
D	
E	
F	
G	
H	
I	
J	
K	
L	
M	
N	
O	

Recommendations for action 2023-2024

Areas for consideration or improvement	Recommendation
Weekly inspections	Minuted
Reserves policy	Amend to reflect actual Council position

Yours sincerely,



Stuart McDonald
 Internal Auditor to the Council
 sminternalaudit@yahoo.com

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	56,683	68,700
2. Annual precept	56,779	59,618
3. Total other receipts	10,694	17,152
4. Staff costs	17,816	19,554
5. Loan interest/capital repayments	4,936	4,936
6. Total other payments	32,704	60,002
7. Balances carried forward	68,700	60,978
8. Total cash and investments	68,700	60,978
9. Total fixed assets and long-term assets	126,261	143,882
10. Total borrowings	25,317	21,601