

Internal Audit Report

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

Name of council:	Boughton Parish Council		
Name of Internal Auditor:	John Marshall	Date of report:	21.04.2020
Year ending:	31 March 2020	Date audit carried out:	21.04.2020

*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 the council in order to detect error or fraud. This report is based on the evidence made available to and seen by me. **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:

Due to the Covid-19 pandemic and as a consequence of the legal distancing restrictions imposed by the UK government I carried out the audit remotely, by e-mail and phone between 14 and 21 April. I would thank Jayne Bunting, Clerk and RFO for her co-operation and assistance in delivering the audit.

I firstly sought evidence that the previous year's reports from Internal and External Auditors had been properly reported to and actioned by the Council; they had, although I note the Council chose not to embrace the recommendation that it changes to budgeting net of VAT. I then examined the Council's arrangements for the management and control of its business in the areas of book keeping, 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. This was achieved through examination of the publically available information displayed on the Council's website - policies, procedures, agendas, minutes, financial and other records - and where necessary I requested and was provided with supplementary evidence to enable me to reach a conclusion regarding the enquiries I am required to make as set out in the Annual Internal Audit Report (AIAR) that forms part of the Annual Governance and Accountability Return (AGAR). This supplementary information was provided in the form of written answers to the questions raised together with scanned documents, including the Accounting Statements, section 2 of the AGAR.

I identified just one audit issue, as follows. Minute 19/2113 (e) records a decision to allow the Chairman to use his Allowance to make a grant for an unspecified sum to the Northampton & Lamport Railway. The minute indicates that such payments may be made from the allowance at the Chairman's discretion; this is incorrect. The grant of a Chairman's Allowance derives from the Local Government Act 1972 section 15 (5) which states that 'A parish council may pay the chairman for the purpose of enabling him to meet the expenses of his office such allowance as the council think reasonable'. The allowance is designed to cover the cost of items such as stationery and telephone calls; its use is not at the Chairman's discretion save that '... a reasonable proportion may be spent on a reception or similar form of entertainment held to mark some celebratory event.'

(see para 9 of NALC Legal Topic Note 11 'Receptions and Similar Events'). Note also that there is a potential tax liability where the allowance is paid as a lump sum.

This report is based on the evidence made available to me and consequently, is limited to those matters set out above. I am pleased to be able to report that having tested all the aspects of the Council's internal controls that I am required to consider I am satisfied that effective systems to manage, monitor and control the Council's business are in place. Accordingly, I have completed and signed off the Annual Internal Audit Report as required.

John Marshall, CiLCA
 Internal Auditor to the Council
 07505 139832
wjm.marshall1@gmail.com

The figures submitted in the Annual Return are:

	Year ending 31 March 2019	Year ending 31 March 2020
1. Balances brought forward	32,559	40,617
2. Annual precept	45,785	51,293
3. Total other receipts	3,102	40,263
4. Staff costs	17,478	16,449
5. Loan interest/capital repayments	Nil	Nil
6. Total other payments	23,351	42,054
7. Balances carried forward	40,617	73,670
8. Total cash and investments	40,617	73,670
9. Total fixed assets and long term assets	50,591	51,689
10. Total borrowings	Nil	Nil

The proper practices referred to in Accounts and Audit Regulations 2015 are set out in *Governance and Accountability for Smaller Authorities in England (March 2019), A Practitioners' Guide*. Please note that sections 1 & 2 constitute the 'proper practices' that smaller authorities must follow and sets out the appropriate standard of financial reporting. Please note this version applies for 2019/20, however *Governance & Accountability for Smaller Authorities in England (March 2020)* is available for early adoption. The Joint Panel on Accounting & Governance (JPAG) has only clarified proper practices - there have been no material changes. A copy of the guide and other useful information is available for free download from this page:

<https://www.pkf-littlejohn.com/services-limited-assurance-regime-useful-documents-and-links>