

# Annual Internal Audit Report

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

Name of council:	Dingley Parish Council		
Name of Internal Auditor:	John Marshall	Date of report:	16.06.2015
Year ending:	31 March 2015	Date audit carried out:	16.06.2015

*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 staff and management and not left for internal audit. This report is based on the evidence examined and made available to me. It would be incorrect to view internal audit as the detailed inspection of every record and transaction of the Council in order to detect error or fraud. 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 year-end audit of Dingley Parish Council on 16 June 2015. I would take this opportunity to thank the Clerk and RFO, Justina Medwell for her time and assistance.

The Council has experienced a number of structural and operational difficulties during the audit year involving frequent changes in both members and latterly, the Clerk; the last 12 months have been a period of turmoil and upheaval. The previous audit year 2013 – 14 had also been difficult for the Council due to the sudden death of its Clerk. That said, it is disappointing to find that the majority of audit issues identified in last year's report have received little or no attention. I noted the following;

- the Council does not appear to have held an Annual Meeting during the audit year. There is no evidence of any Minutes for other than a normal business meeting (in May) and therefore no evidence of a Chairman having been elected. This matter was drawn to your attention in the previous year's report; I said;

*“a Chairman was not elected at the Annual Meeting. Whilst I note that your current Standing Orders preclude a Chairman from serving for more than 2 consecutive years, this does not supercede the legal requirement for a Chairman to be elected, as the first item of business at the Annual Meeting of the Parish Council that must by law take place in May of each year. NB the Annual Meeting of the Parish Council should not be confused with the Annual Parish Meeting which must be held between 1<sup>st</sup> March and 1<sup>st</sup> June each year“.*

- the Council's Financial and Management Risk Assessment could not be located and there is no mention in the Minutes of it having been either reviewed or re-adopted. This was also the case last year, when the benefit of the doubt was given due to the Internal Auditor having indicated in Section 2 of the Annual Return for 2012-13 that a

Risk Assessment was carried out. I have to conclude therefore that the Council appears to have allowed this importance governance tool to lapse. (I do however note that the incoming Clerk has put a Financial and Management Risk Assessment in place and this was adopted by the Council in June 2015).

- receipt of the Internal Audit report was noted and recorded in the Minutes of the September 2014 meeting; however, of the issues raised by me, the only issue identified by the Council for attention is a review of Standing Orders, although this does not appear to have been completed during the audit year.
- there is no record in the Minutes of the External Auditor's Report and signed-off Annual Return having been received (although the BDO invoice was authorised for payment at the November 2014 meeting). Posting of the statutory 'conclusion of audit notice' is therefore in question. (I again note however that revised Standing Orders and Financial Regulations were adopted by the Council in June 2015).
- at the year-end (31 March 2015) the amount of general reserves stood at £3,497 or nearly 3 times precept. Whilst this is a reduction on the £5,915 held at the end of the previous year, the general ie free cash reserves continue to exceed the precept by a considerable amount.

I tested all of the objectives of Internal Controls set out in Section 4 of the Annual Return, through the examination of physical evidence and questioning. In some instances, where the objective tested covers multiple issues, I have answered 'yes' even where shortcomings have been noted, because the objective has been partly met. Accordingly, as noted on the form, this Internal Audit report must be submitted to BDO with the Annual Return. I have signed off the Return as required.

Further advice on the requirements set out in this report and other audit-related matters, including the 'proper practices' required by the Accounts and Audit (England) Regulations 2014 is available from me, if required.

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The figures submitted in the Annual Return are:

	<b>Year ending 31 March 2014</b>	<b>Year ending 31 March 2015</b>
1. Balances brought forward	5,233	5,915
2. Annual precept	620	1,266
3. Total other receipts	2,640	87
4. Staff costs	1,686	2,621
5. Loan interest/capital repayments	Nil	Nil
6. Total other payments	892	1,150
7. Balances carried forward	5,915	3,497
8. Total cash and investments	5,915	3,497
9. Total fixed assets and long term assets	4,950	4,950
10. Total borrowings	Nil	Nil

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>

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