

Internal Audit Report

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

Name of council:	Lutton Parish Council		
Name of Internal Auditor:	J Hodgson	Date of report:	07/05/2022
Year ending:	31 March 2022	Date audit carried out:	07/05/2022

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 have utilised the Council's website to view necessary information. I met with Joyce to discuss matters further and view the account books, bank statements etc.

I appreciate that Lutton Parish Council is a small council and at times it may feel to council members that what is expected of the council is onerous and unnecessary but, the council is a body corporate and subject legislation and regulation the same as any other council.

I have found it necessary to determine that the council has not satisfied the requirements of sections D, L and N of AIAR and I have marked those sections as 'no'.

There is a regulatory requirement that a budget is agreed prior to a precept being set. There needs to be a deliberate decision at each stage and the minutes should be framed so that there is an unambiguous statement of the decision processes and what that decision is. This can be achieved by structuring the agenda accordingly and repeating that structure in the minutes.

The Council is subject to the 'Transparency code for smaller councils'. This code was introduced in 2015 and whilst I recognise that the Council has taken some steps by maintaining a website, it does not publish all of the documents specified by the code. For example, the Council is obliged to publish the agenda on its website rather than have a note that states it is available to view on the noticeboard.

Coupled with this is the requirement to publish documents specified on the AGAR. I could not locate on the website AGAR section 1 and the internal audit report for the year ending 31st March 2021.

For these reasons I have marked sections L and N as 'no'.

I recommend that the council reviews the website against the requirements of the code and the AGAR publication requirements and make the necessary changes.

The website should have a link to the Lutton members register of interests page on the North Northamptonshire Council website.

The physical minute book is the legal record of the council and it is what you will rely on in court should that be necessary. In order for looseleaf minutes to be lawful, the pages must be sequentially numbered. It is also required that 'each leaf comprising those minutes being initialled'. This is set out in the Local Government Act 1972 Sch. 12 para 41 (2). I therefore recommend that a system of page numbering is introduced from the start of the civic year and that each page is initialled before a full signature is provided at the end of the Minutes.

I further recommend that the agenda and minutes have a corresponding numbering system for items of business in the interests of transparency and ease of referencing.

The Minutes would benefit from containing slightly more detail so that a person who has not attended the meeting has no difficulty in understanding the context and decisions made are clearly identified as a decision in the interests of clarity.

I am aware that Joyce is prepared to undertake the role of clerk unpaid. However I would suggest that the Council may struggle to recruit a new clerk as and when Joyce decided to leave the Council and the give consideration to succession planning accordingly and take advice from Northants CALC as required.

I would like to thank Joyce for her assistance during the audit process.

Having tested all of the objective of internal control as set out in Internal Audit section of the AGAR, through the examination of the evidence and discussions with Joyce I am satisfied that the Council has met the other requirements and I have signed off the AGAR as required.

This report should be placed on your website and considered at Council.

Yours sincerely,

J Hodgson

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

	Year ending 31 March 2021	Year ending 31 March 2022
1. Balances brought forward	1169	882
2. Annual precept	1000	1000
3. Total other receipts	0	212
4. Staff costs	0	0
5. Loan interest/capital repayments	0	0
6. Total other payments	1287	756
7. Balances carried forward	882	1338
8. Total cash and investments	882	1338
9. Total fixed assets and long-term assets	0	0
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 (2020)*. 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/uploads/practitioners-guide-2020-2.pdf>