

# Internal Audit Report

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

Name of council:	Evenley Parish Council		
Name of Internal Auditor:	John Marshall	Date of report:	15.04.2024
Year ending:	31 March 2024	Date audit carried out:	15.04.2024

*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:

Following discussion with Cathy Knott, Clerk & RFO by mutual agreement I carried out the audit remotely, by means of e-mail and a virtual meeting online platform. I would thank Cathy for her co-operation and assistance in delivering the audit; receiving the year-end data in good time ahead of the audit has been very helpful to me.

I firstly examined the publicly available information displayed on the council's website including the council's policies, procedures, agendas, minutes, financial and other records. I sought evidence that the previous year's Internal and External Audit reports had been properly reported to and where necessary acted upon by the Council; they had. I then examined the council's arrangements for the management and control of its business in the areas of bookkeeping, 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 and compliance with the display of information including the exercise of public rights.

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 council's 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) and the bank reconciliation and questioning at the audit meeting.

I identified two related audit issue regarding the reserves and the construction and presentation of the budget process and information. Whilst I am satisfied that the council's financial management, including the 2023/24 budget process is sound, para 5.26 of the Practitioners' Guide asserts that "*It is important that authority members understand how the budget is put together and how it is used in the running of the authority*". Para 5.32 further asserts that "*It is good practice to transparently publish both the level and rationale of all reserves*". The budget document displayed on the website contains all the information, but not in a way that is easily comprehensible eg the

precept is not included in the 'income' section. I reiterate that I am not suggesting any changes to the financial management processes, especially as I understand that members are happy with the current arrangements, rather it is the construction of the budget information presented on the website that could and should be made clearer to the reader.

Notwithstanding these comments the council, supported by its competent clerk continues to deliver good standards of compliance and governance. 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, based on the information made available to me I am satisfied that in all significant respects, the internal control objectives were achieved throughout the financial year to a standard adequate to meet the council's needs. 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](mailto:wjm.marshall1@gmail.com)

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The figures submitted in the Annual Return are:

	Year ending 31 March 2023	Year ending 31 March 2024
1. Balances brought forward	38,159	30,263
2. Annual precept	22,895	24,320
3. Total other receipts	3,431	13,402
4. Staff costs	7,854	8,923
5. Loan interest/capital repayments	3,500	3,500
6. Total other payments	22,868	21,328
7. Balances carried forward	30,263	34,234
8. Total cash and investments	30,263	34,234
9. Total fixed assets and long term assets	133,681	133,681
10. Total borrowings	16,531	13,361

\*Please note the ‘proper practices’ required by the Accounts & Audit Regs 2015 that smaller authorities must follow are set out in sections 1 & 2 of the *Practitioners’ Guide*; it also sets out the appropriate standard of financial reporting. A copy of the current (2023) version 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>