

# Annual 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:	28.04.2022
Year ending:	31 March 2022	Date audit carried out:	28.04.2022

*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 staff and management and not left for internal audit. This report is based on the evidence made available to me. 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. 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:

Following discussion with Cathy Knott, Clerk & RFO and 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 has been very helpful.

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. Because the legal relaxations concerning meetings were largely removed in May 2021, I particularly reviewed the reversion from virtual to face-to-face meetings to ensure that the council's processes and procedures had been properly re-set. 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.

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 Annual Governance and Accountability Return (AGAR). This supplementary information was provided verbally during my discussion with Cathy in the form of answers to the questions raised together with on screen sight of documents.

I noted that on occasions the clerk incurs expenditure on behalf of the council using her own funds, that are then claimed and reimbursed retrospectively by the council. This practice is specifically prohibited by the council's Financial Regulations (reg 6.20) as is the holding of a cash float (reg 6.21). It is now common practice for councils to provide a corporate debit or credit card for such *ad hoc* purchases; this practice is specifically permitted by Financial Regulations reg 6.18 and 6.19 and the council should now make the

necessary arrangements with its bank.

Notwithstanding the above issue and despite a second difficult year as a consequence of the C-19 pandemic, the council and its diligent clerk have maintained sound standards of governance this year. 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  
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The figures submitted in the Annual Return are:

	Year ending 31 March 2021	Year ending 31 March 2022
1. Balances brought forward	29,420	34,018
2. Annual precept	21,267	23,168
3. Total other receipts	15,104	4,689
4. Staff costs	6,552	7,776
5. Loan interest/capital repayments	3,500	3,500
6. All other payments	21,721	12,440
7. Balances carried forward	34,018	38,159
8. Total cash and short term investments	34,018	38,159
9. Total fixed assets plus long term investments and assets	122,991	133,681
10. Total borrowings	22,675	19,635

The proper practices referred to in Accounts and Audit Regulations 2015 are set out in *Governance and Accountability for Smaller Authorities in England, 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. A copy of the current version of the guide is available for free download from this page:

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