

# 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:	Kate Houlihan	Date of report:	10 05 2024
Year ending:	31 March 2024	Date audit carried out:	24 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. 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:

The audit took place on 24th April 2024, and I would like to thank Joyce for her hospitality during the audit. Prior to the audit I reviewed the information available on the council's website. I understand that a new clerk has been employed from 1 April 2024, although Mrs Evans continued to support the council through the year end process.

Lutton is a small parish council, with income and expenditure well under the £25,000 threshold to declare itself exempt from a limited assurance review. The council declared itself exempt in May 2023 and will be doing so again this year.

A simple spreadsheet is used to maintain the council's financial records, payments and bank balances are recorded at each meeting. Care should be taken to ensure that VAT is appropriately accounted for.

A risk assessment was considered by the council during the year.

No salaries were paid during the year as Mrs Evans carried out the role without drawing a salary.

No petty cash is held by the council.

Following the audit the following points need to be addressed:

- 1) There is a regulatory requirement that a budget be 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 process and what that decision is. This can be achieved by structuring the agenda accordingly and

repeating that structure in the minutes. I noted that the precept requirement for 2023-2024 was agreed in January 2023 (minute reference 2023/01/065), however there was no reference to a budget being agreed prior to agreeing the precept. I have therefore answered no to assertion D on the Annual Internal Audit Report.

- 2) I was unable to locate agendas on the council's website. It would be good practice to retain previous agendas on the council's website.
- 3) The draft Accounting Statement I reviewed showed a NIL value for assets; however, the council purchased a notice board and bench during the year which should be recorded on the council's asset register. I have therefore answered no to assertion H. I understand that the council purchased the bench with another party, there should be clarity about who owns the bench.
- 4) Not all the documents required by the Accounts and Audit Regulations 2015, the Local Audit (Smaller Authorities) Regulations 2015 and the Transparency Code for Smaller Authorities were published on the council's website at the time of this audit:  
These include:
  - Certificate of Exemption,
  - Annual Internal Audit Report
  - Section 1 – Annual Governance Statement
  - Section 2 – Accounting Statements
  - Analysis of variances
  - Bank reconciliation •
  - Notice of the period for the exercise of public rights and other information required by Regulation 15 (2), Accounts and Audit Regulations 2015

I have therefore answered NO to assertions L, M, N

The council has incurred recoverable VAT during this financial year and the one prior. This should be recovered where there is a clear audit trail of the VAT to be reclaimed.

No bank statement to confirm the year-end balance was available at the time of the audit. However a bank statement confirming the balance as per the Statement of Accounts was later supplied to me.

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,

*K Houlihan*  
Kate Houlihan  
Internal Auditor.

The figures submitted in the Annual Governance and Accountability Return are:

	<b>Year ending 31 March 2023</b>	<b>Year ending 31 March 2024</b>
1. Balances brought forward	1338	1624
2. Annual precept	1000	1000
3. Total other receipts	1000	2250
4. Staff costs	0	0
5. Loan interest/capital repayments	0	0
6. Total other payments	1714	3493
7. Balances carried forward	1624	1381
8. Total cash and investments	1624	1381
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 (2023)*. 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/practitioners-guide-2023>.