

Annual Internal Audit Report

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

Name of council:	Aynho Parish Council		
Name of Internal Auditor:	John Marshall	Date of report:	05.06.17
Year ending:	31 March 2017	Date audit carried out:	05.06.17

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 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 met with Sadie Patamia, Clerk and Roger Wertheimer, RFO on 05 June to carry out the year-end audit of the Council; I would take this opportunity to thank them both for their time and assistance. Last year, BDO as External Auditor raised no audit issues; I, as Internal Auditor raised 6 audit issues, all of which have been addressed by the Council such that they have been either fully resolved or are work-in-progress.

This year, I identified just one issue, relating to the use of 'Any other business' as a standing agenda item. A council cannot lawfully decide any matter that is not specified in the Agenda. This is not only to ensure that elected members have prior notice of the business to be transacted but equally importantly, members of the public who can then attend to make representations, if they so wish, especially important where a decision might involve spending. This is a legal safeguard that promotes transparency and that also serves to prevent an ambush or items being pulled, like rabbits out of a hat.

That is not to say that matters cannot be raised, they simply cannot be decided and an acceptable solution is to include as a standing item 'Urgent business, for report only'. This normally leads to the item being placed on the next available agenda but if the matter is truly urgent then either an extraordinary meeting must be called or the Council might wish to consider establishing an Emergency Committee, via an addition to the Committees section of its Standing Orders. This enables matters such as structural damage to buildings or trees, or an invasion by travellers to be dealt with both expeditiously and legally; a suitable form of wording would be;

"To ensure that Councillors, Officers or employees do not act alone or take decisions in isolation, when necessary an Emergency Committee may be convened. The Emergency Committee;

- i. will comprise a minimum of any 3 members and / or Officers of the Council; if available, the Chairman, Vice Chairman and Clerk must be present at any meeting of the Committee.*
- ii. has delegated powers to incur expenditure on behalf of the Council to a maximum of £5,000 without prior approval of the full Council."*

By examination of hard evidence and questioning, I tested all the aspects of the Council's internal controls that I am required to consider at Section 4 of the Annual Return. Notwithstanding the issues set out above I am satisfied that the Council has sound policies and procedures in place and on that basis, I have completed and signed off section 4 of the Annual Return as required.

John Marshall
 Internal Auditor to the Council
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The figures submitted in the Annual Return are:

	Year ending 31 March 2016	Year ending 31 March 2017
1. Balances brought forward	30,303	32,918
2. Annual precept	21,388	21,816
3. Total other receipts	11,646	6,315
4. Staff costs	4,190	3,860
5. Loan interest/capital repayments	0	0
6. Total other payments	26,229	19,516
7. Balances carried forward	32,918	37,673
8. Total cash and investments	32,918	37,673
9. Total fixed assets and long term assets	135,619	136,719
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 (2017)*. 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.northantscalc.com/uploads/practitioners-guide-2017.pdf>