

Annual Internal Audit Report

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

Name of council:	Aynho Parish Council		
Name of Internal Auditor:	John Marshall	Date of report:	16.05.19
Year ending:	31 March 2019	Date audit carried out:	16.05.19

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 Chris Wilson, Clerk and Roger Wertheimer, RFO on 16 May to carry out the year-end audit of the Council; I would take this opportunity to thank them both for their time and assistance.

During the course of the audit, I 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, data security and back-up and year-end procedures.

I also sought evidence that the previous reports from Internal and External Auditors had been properly reported to and actioned by the Council. Whilst my report had been reported to and actioned by the Council at its June meeting, the report from the External Auditor was apparently overlooked. This is important because the Council was required to address the issues arising out of the incorrect responses last year to assertions 1 and 5 in the Governance Statements, Section 1 of the Annual Governance and Accountability Review 2017 – 18 (AGAR).

Unfortunately, whilst the issue relating to the Aynho Sports and Recreation Association (ASRA)'s funds raised last year by me, that gave rise to the EA's comment *re* assertion 1 has now been resolved, the assertion 5 issue ie the need to formally review the Council's Risk Assessment, legally required by virtue of regs 3 and 6 of the Accounts & Audit Regs 2015 was again overlooked. I would therefore reiterate my comment made last year;

- there is no evidence of the Council's Risk Assessment (RA), dated March 2015 having been reviewed during the audit year; the Council's Financial Regulations, reg 20 call for this to be done at the October meeting each year. The RA is an essential element of the Council's system of internal controls and the review is a fundamental requirement of the Accounts and Audit Regulations 2015. The Council has answered 'yes' to assertion 5 in the Annual Governance Statement, section 1 of the Annual Governance and Accountability Return (AGAR) but a 'yes' answer, in all

cases needs to have appropriate supporting evidence such as a reference in a minute.

I also identified the following issues this year:

- the Council did not comply with its Financial Regulations in that the internal controls procedures faltered during the course of the year. The checks required by the Internal Controls Councilor occurred just once, in October.
- despite having been in post for more than a year, the Clerk apparently does not have a contract of employment. There is a NALC / SLCC model template that is suitable for this purpose.

Through examination of information provided on the Council's website and the inspection of hard evidence and questioning, I tested all of the objectives of Internal Controls set out in the Internal Audit Report, part of the Annual Governance and Accountability Return (AGAR). Notwithstanding these comments, I am satisfied that in all other significant respects, the internal control objectives have been achieved by the Council throughout the audit year. Accordingly, I have completed and signed off the Annual Return (AGAR) 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 2018	Year ending 31 March 2019
1. Balances brought forward	37,673	39,232
2. Annual precept	22,252	22,920
3. Total other receipts	3,805	9,285
4. Staff costs	4,634	5,692
5. Loan interest/capital repayments	0	0
6. Total other payments	19,864	25,023
7. Balances carried forward	39,232	40,722
8. Total cash and investments	39,232	40,722
9. Total fixed assets and long term assets	137,135	137,737
10. Total borrowings	0	0