

# Internal Audit Report

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

Name of council:	Oakthorpe, Donisthorpe & Acresford Parish Council		
Name of Internal Auditor:	Martin Cooke	Date of report:	3 <sup>rd</sup> May 2022
Year ending:	31 March 2022	Date audit carried out:	30 <sup>th</sup> March & 29 <sup>th</sup> April 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 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 Chairperson of the Council:

This internal Audit report was compiled following several independent tests / checks being undertaken using various financial records, documents, minutes etc both through the official website and during a virtual Zoom audit meeting initially with your Clerk Kelly Grove 29<sup>th</sup> April 2022, then with Kelly, Lindsey Weaver (outgoing burial clerk) & Sue Beirne (Incoming burial clerk).

The following topics were reviewed against our standard checklist format:

### Accounting records:

- All details were recorded in the financial ledger, and all appeared to be in order.
- Payments in the ledger were generally covered by invoices and minuted and authorised at the relevant PC meetings against a payment schedule (details on website).
- Evidence seen that VAT was claimed over 5 transactions, all recorded accordingly.
- There were 2 recordings of S137 expenditure, £50 Poppy Wreath & £150 Lamp post poppies. These were recorded accordingly.

### Due Process:

- Standing Orders & Financial Regulations had been reviewed during May 2021 and on website.
- Equality & Diversity Policy, Complaints policy were also evident on the website.

### Risk Management:

- Scanning the minutes there didn't appear to be any unusual activity.
- Insurance through BHIB was reviewed and appears to cover Public, Employee and Assets however, it was noted that specific asset details were not noted on the policy.
- Clerk confirmed a review of the policy appertaining to assets would be carried out prior to June renewal to determine cover required now that certain assets had been transferred to the community / Leisure centre (see assets).
- There was evidence of a review of the Risk Assessment May 2021.
- There was evidence of regular assessments were undertaken by a nominated councillor and concerns reported to council as necessary, plus a RoSPA review is carried out quarterly.

- Internet banking risk had been reviewed and currently Chair or Vice Chair approves payments loaded by the Clerk.

#### Budget / Income:

- The annual Budget and Precept were discussed and approved December 2021 and January 2022 and displayed accordingly.
- It was noted that a sum (£59,000) had been earmarked in reserves for MUGA (Games area), with a further £15,500 itemised accordingly.
- Income was received as expected except for income from the Leisure Centre which had dropped considerably mainly due to closure issues during Covid.
- Income from the Leisure Centre would be removed from the budget as this entity had been transferred in February 2022 to a third party.

#### Salaries / Employees:

- Clerk has a contract of employment and there was evidence of Salary & Expenses in the accounts & approval at each meeting.
- The Clerks salary was reviewed in November 2021 and adjusted accordingly (as noted in the variance report comments)..
- It was noted that a Caretaker was also employed under contract until February 2022 at which time they were tured across to the third party running the Leisure Centre, all salary details until that time were recorded accordingly.
- The PC is registered with the Pensions Regulator.
- It was noted the Pension deficit of £11,000 had been paid in full.

#### Asset Control:

- It was noted that the Leisure Centre functionality had been contracted out to a third party leaving the building only as an asset but transferring all other assets within the Leisure centre to the third party as part of a legal agreement of engagement.
- Reviewed & updated register of assets February 2022 in line with Leisure Centre which reduced the asset value held by the council and is noted in the variance report for the AGAR.
- Clerk confirmed all deeds etc for land listed on assts register are held by the Clerk.

#### Accounting Statements / Audit Trail:

- It was noted there were two bank accounts, balances were reviewed each council meeting.
- There were no unexplained concerns noted.
- No cash is held.
- Debtors & creditors recorded where necessary and there was evidence of a financial trail through records.
- On the sample payments taken there was evidence of control with all being approved in Council, minuted and paid accordingly.
- The Yearend accounts had been prepared, bank statements and ledgers reconciled, these will be signed off at next PC meeting in May 2022.
- This year's sections 1 & 2 of the Annual Return had been drafted ready for signing.

#### Transparency:

- The following were displayed / published as required.
  - End of year accounts (Spreadsheet displayed) / Accounting Statement.
  - Annual Governance Statement.
  - Internal & External Audit reports.
  - Asset Register.
- Agendas and meeting papers are published as required and draft minutes were generally issued within one month.
- There are two leases generating income, one for Way Leaf for cables and a second with the Football club for use of the playing field which is reviewed annually.
- The PC website is regularly updated and is easy to navigate, however it was noted that some information had not been fully transferred from the old site and some files required saving being allowing the reader to open, which was not conducive to easy access for the public.  
***I recommend this is reviewed with some urgency to ensure easy access.***
- ***I would recommend that any Councillor with specific responsibilities (i.e. monthly risk assessment) be noted on the website.***

Exercise of Public Rights:

- “The Notice of Public Rights” was issued appropriately on the website as required.

Miscellaneous:

- There was evidence confirming the previous internal & external audits had been reviewed and noted.
- Clerk confirmed electronic files are backed up regularly.
- Members interests were noted on the website. **But these need to be updated and added to the website as soon as possible.**
- Agendas are informative and displayed on the PC website and the PC notice boards at least 3 clear days prior to meeting.
- Minutes were initialled by page and signed by the mayor at each meeting.
- Committee terms of reference were available for Finance Committee & Leisure Centre Committee.

Cemeteries:

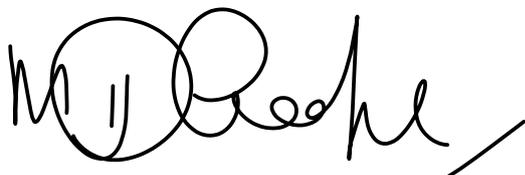
- The Joint Burial committee has overall responsibility for cemeteries with ODA nominated as the lead council.
- The Council makes a contribution of £3,715 as an annual payment to a Joint Burial Committee (JBB).
- The JBB are responsible for all maintenance of the cemetery, register of burials, Burial Certificate, Green Slips and Risk Assessment of the cemetery. (Details recorded under JBB minutes available on the PC website.
- JBB minutes, Accounts, Register of Burials, were all viewed during the audit.
- It was noted that the JBB held funds are included in the PC financial details including the AGAR as the PC is deemed the leading Council within the JBB.  
***I would raise a point that whilst an annual payment is also paid to the JBB by Ashby Woulds TC (£5,954.66) as the second contributing council but who have no specific responsibility within the JBB I recommend it should be noted within the council records that a percentage of the funds held by the JBB and subsequently in PC financial records (currently totalling £26,836.85) potentially belong to the Ashby Woulds Town Council.***

Annual returns:

The annual return section 2 details (Year Ending 31<sup>st</sup> March 2022) are set out at the end of this document.

I would like to conclude by thanking your Clerk Kelly and members of the Burial committee for their support during the auditing process.

Yours sincerely,



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

	<b>Year ending 31 March 2021</b>	<b>Year ending 31 March 2022</b>
1. Balances brought forward	£52,135	£83,182
2. Annual precept	£81,000	£81,000
3. Total other receipts	£71,598	£33,474
4. Staff costs	£20,824	£36,207
5. Loan interest/capital repayments	0	0
6. Total other payments	£52,405	£58,193
7. Balances carried forward	£131,504	£110,329
8. Total cash and investments	£109,504	£110,329
9. Total fixed assets and long-term assets	£821,143	£792,165
10. Total borrowings		

The proper practices referred to in Accounts and Audit Regulations are set out in *JPAG Practitioners Guide 2021*. 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.leicestershireandrutlandalc.gov.uk/uploads/practitioners-guide-2021-1.pdf>