

Internal Audit Report

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

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| Name of council: | Corby Town Council | | |
| Name of Internal Auditor: | Kate Houlihan | Date of report: | 16 05 2023 |
| Year ending: | 31 March 2022 | Date audit conducted: | 12 05 2023 |

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:

Following my interim visit in February of this year I completed my audit work remotely via Zoom. My thanks to the Clerk for her assistance and for supplying me with a number of documents prior to and following the audit.

During the audit I was able to discuss the councils VAT position with the Clerk and I note that the council has taken, and acted on, advice from Steve Parkinson who is a sector specialist in VAT. I note that the council is intending to register for VAT during the course of the 2023-2024 financial year.

The council is now reporting on an on an income and expenditure, rather than a receipts and payments basis. The Clerk has restated the previous year's figures accordingly and I was able to review the supporting documentation detailing how the accounts had been moved to an income and expenditure account.

During the audit I was able to confirm that appropriate accounting records have been kept and accounting statements are supported by underlying records. Based on the evidence provided to me I am satisfied that the internal control objectives were met, and I have completed and signed the Annual Internal Audit Report accordingly.

A summary of the evidence reviewed as part of this report is detailed on the following pages.

Yours sincerely,

K Houlihan

Miss Kate Houlihan
Internal Auditor to the Council

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| <p>A. Appropriate accounting records have been properly kept throughout the year.</p> <p>AND</p> <p>I. Periodic bank account reconciliations were properly carried out during the year.</p> | <p>The council uses Scribe to maintain their financial records. The accounting records are up to date.</p> <p>All transactions for July were matched to invoices, the bank statement, and records on Scribe. There were no anomalies.</p> <p>Monthly bank reconciliations are carried out, these are verified by members. The Finance and Resources Committee receives regular reports on the internal control checks that are carried out.</p> |
| <p>B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT appropriately accounted for.</p> | <p>The council updated their Financial Regulations in May 2022. I have noted that under regulation 4.1 expenditure on any revenue item can be authorised by a minute. or by an authorization slip signed by the Clerk and Chairman of the relevant committee. There is no de-minimis level set whereby the Clerk can authorise expenditure on their own. The council may wish to consider this when they next review Financial Regulations.</p> <p>Whilst expenditure can be authorised by the Clerk and relevant Chairman, I would expect most significant expenditure to continue to be considered by the council or committee.</p> <p>The council had monitored its VAT position and taken appropriate advice in respect of its operations.</p> <p>And I will review the VAT in more detail at my next visit.</p> |
| <p>C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</p> | <p>The council has approved its Risk Assessment. The Finance and Resources committee reviewed the risk assessment in detail in March 2023 and this was reported to council.</p> |

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| <p>D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</p> | <p>Budget monitoring is evident within the minutes, reports from Scribe are used.</p> |
| <p>E. Expected income was fully received based on correct prices, properly recorded, and promptly banked; and VAT appropriately accounted for.</p> | <p>Advice on VAT on income has been sought. Income is banked promptly with most payments received online. It was noted that the council will be registering for VAT during 2023.</p> |
| <p>F. Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for</p> | <p>The council does not operate a Petty Cash system.</p> |

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| <p>G. Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.</p> | <p>The payroll function is contracted to a third party.</p> <p>All salary payments for November were reviewed. Staff were all paid at the correct rate in line with their contracts.</p> <p>Backpay owing following the issuing of revised NJC pay scales had been paid at the correct rate.</p> <p>Tax, NI, and pension contributions are correctly deducted.</p> |
| <p>H. Asset and investment registers were complete and accurate and properly</p> | <p>The Finance and Resources Committee reviewed the risk assessment, and this was reported to the council.</p> <p>The insurance schedule was also reviewed, the council is insured with Hiscox. (£10m public liability, £10m employer's liability, £500k fidelity guarantee)</p> <p>The council may wish to consider whether the additional key person insurance is adequate for their needs.</p> |
| <p>J Accounting Statements prepared during the year were prepared on the correct accounting basis</p> <p>(receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.</p> | <p>The council is using Scribe correctly to produce the accounts on an income and expenditure basis.</p> |

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| <p>K. If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt.</p> | <p>Not applicable.</p> |
| <p>L. The authority publishes information on a free to access website / web page, up to date at the time of the internal audit in accordance with any relevant transparency code requirements</p> | <p>The required information is available on the council's website. But it would benefit the council to review the structure of the website to ensure information is easily accessible.</p> |
| <p>M. The authority, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.</p> | <p>The council met with the requirement and documentation is available on the council website.</p> |

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| <p>N. The authority complied with the publication requirements for the prior year AGAR.</p> | <p>The council met with the requirement and documentation is available on the council website.</p> |
| <p>O. Trust funds (including charitable) - the Council met its responsibilities as a trustee</p> | <p>N/A</p> |

The proper practices referred to in Accounts and Audit Regulations are set out in *Governance and Accountability for Smaller Authorities in England (2020)*. 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/uploads/practitioners-guide-2020-2.pdf>