

Internal Audit Report

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

Name of council:	Lubbesthorpe Parish Council		
Name of Internal Auditor:	Cathy Walsh	Date of report:	09 May 2022
Year ending:	31 March 2022	Date audit carried out:	09 May 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 staff and management and not left for internal audit.

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 carried out the Council's audit remotely and I would thank Lisa Sly, Clerk and RFO for her co-operation and assistance in delivering the audit.

In accordance with the terms of my engagement, I have undertaken a review of Lubbesthorpe Parish Council's records, policies, and procedures for the financial year ending 31 March 2022, following which I completed and signed the Annual Internal Audit Report of the Annual Governance and Accountability Return (AGAR) 2021/2022.

A series of independent audit tests were undertaken using the various financial records, documents, minutes and the previous audit report supplied by the Clerk and by scrutinising all the information that is publicly available on the Council's website.

I make the following observations and recommendations:

It was raised in the previous Internal Audit Report that the council can claim back VAT for non-business activities. This is a fairly new council which has not claimed back any VAT since being in existence. I recommend that the council claim back all VAT it has paid for non-business activities. Guidance can be found on the Government's website under VAT126.

In order to facilitate a good audit trail you may wish to assign sequential voucher numbers to each invoice and payment in your accounts to ensure that you have a unique number for each document. This makes reconciling the accounts easier and locating the paperwork that supports that entry. I would also recommend assigning transactions in the cashbook to their relevant budget heading.

While there are currently no legal requirements for transparency on local councils with a turnover of between £25k and £200k (the category Lubbesthorpe Parish Council falls into), such councils will be expected to follow the Local Government Transparency Code 2015 for authorities with a turnover over £200k. I suggest that the council familiarises itself with the code and publishes all the information it should.

This report is based on the evidence made available to me. 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. Consequently, the report is limited to those matters set out above. I confirm that through examination of information displayed on the website and questioning, I tested all the aspects of the Council's internal controls that I am required to consider.

Accordingly, I have completed and signed off the Annual Internal Audit Report of the AGAR as required.

Yours sincerely,

Mrs Cathy Walsh
Internal Auditor to the Council

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

	Year ending 31 March 2021	Year ending 31 March 2022
1. Balances brought forward	20,807	34,040
2. Annual precept	30,000	36,132
3. Total other receipts	0	21
4. Staff costs	8,709	8,570
5. Loan interest/capital repayments	0	0
6. Total other payments	8,058	10,005
7. Balances carried forward	34,040	51,617
8. Total cash and investments	34,040	51,617
9. Total fixed assets and long term assets	2,822	5,595
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 - Practitioners Guide 2021**. 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:

<https://www.nalc.gov.uk/library/our-work/ipag/3479-practitioners-guide-2021/file>