

Internal Audit Report

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

Name of council:	Kings Cliffe Parish Council		
Name of Internal Auditor:	Julia Tufnail	Date of report:	1 June 2022
Year ending:	31 March 2022	Date audit carried out:	1 June 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 Chairman of the Council:

I would like to thank your Clerk, Tracey, for her time and assistance during this year's audit which was conducted remotely using the NCalc checklist. It is noted that the Council uses a receipts and payments basis for its accounts. I can see that the Grants and Reserves policies are in now in place

I bring to the Council's attention the following matters:-

- As the Council does not have the Power of General Competence, the council should detail the Power that allows them to act for each payment in the minutes and cash book. I believe that NCalc will be able to provide your clerk with a good list. This ensures that Council does not act beyond its powers.
- I understand that a quarterly VAT reclaim is in the pipeline. I note from the March 2022 minutes: *21/230 Grants to Village Organisations Four application were considered: Sarah Sherriff – Junior Netball £900 plus VAT £1080.00 Kings Cliffe Active £790 plus VAT £948.00 Kings Cliffe Active Football Club £1,000 Totalling £2690 plus VAT and it was agreed the invoices will be sent to Kings Cliffe Parish Council for VAT purposes. Proposed: Councillor: M Day Seconded: Councillor: R Isaac*
Only invoices addressed to the Parish Council may reclaim the VAT for services provided by the Parish Council. I attach the HMRC notes for your guidance: [Local authorities and similar bodies \(VAT Notice 749\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/local-authorities-and-similar-bodies-vat-notice-749)
- The council has a risk assessment in place; however, it has not been minuted as approved. The following must be reviewed and minuted at least annually, insurance, asset register, risk assessments and internal control procedures.
- The annual budget should be on the website for public view and council should compare their financial position to the budget projections regularly throughout the year.
- Internal control reports should be minuted when reported to council.
- At the first meeting of the Council following the election, the Council did not appoint a chairman as its first item of business (LGA72S15(2)&34(2)). This must also be done at each Annual meeting of the Parish Council. NB: This is a different meeting to the Annual Parish Meeting which was held in May too.
- I would strongly recommend that Council purchases the latest edition of Arnold Baker on Local Council Administration, especially as your clerk is not qualified as there is so much legislation that councils have to abide by. The Practitioner's Guide is updated annually and will also assist with the Audit Regulations 2015 it is attached to this email for reference.

Julia Tufnail

NCalc Internal Auditor

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

	Year ending 31 March 2021	Year ending 31 March 2021
1. Balances brought forward	200381	207095
2. Annual precept	27000	30000
3. Total other receipts	7177	7711
4. Staff costs	5150	5400
5. Loan interest/capital repayments	0	0
6. Total other payments	22313	24474
7. Balances carried forward	207096	214933
8. Total cash and investments	207096	214933
9. Total fixed assets and long-term assets	67080	77080
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 (2022)*. 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.