

Internal Audit Report

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

Name of council:	Osgathorpe Parish Council		
Name of Internal Auditor:	Eliza Hill	Date of report:	14/04/2022
Year ending:	31 March 2022	Date audit carried out:	14/04/2022

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 communicated remotely with Lisa Clarke, the Clerk and Responsible Financial Officer to complete the 2021-22 internal audit for Osgathorpe Parish Council. I would like to thank Lisa for her time and assistance in co-operating in this manner.

A series of independent audit tests were undertaken using the various financial records, documents, minutes, and the previous audit report to ascertain the efficiency and effectiveness of the Council's internal controls.

These tests were undertaken by reference to the information available on the Council's website and the additional documentation being provided electronically by the Clerk.

Internal Control

1. The Council's Standing Orders and Financial Regulations incorporate all necessary requirements. The Statement of Internal Controls of which these form a part was signed and dated as is good practice when adopted. The document would benefit from additional annual review dates being inserted.

2. The Clerk has an efficient and forward-thinking Council with a number of Policies and Procedures implemented. An Equal Opportunities policy should be adopted setting out the Council's commitment to fairness and fair working practices, including measures it will take to help eliminate and prevent unfair treatment. The Parish Council would also benefit from adopting its own Complaints Procedure which it could link to the Borough and County Councils policies.
3. Although Councillors do have an informal list of interests mentioned on their profile pages, a link to the formal Register of Interests forms held by the Borough Council would aid transparency.
4. The Parish Council does not use online banking but it may be something to consider going forwards as cheques become more obsolete.
5. Whilst there is no doubt that agendas are issued with at least a minimum of three clear days, dating the summons would clarify the matter.
6. Local councils do need to hold an amount in reserves to meet unexpected expenditure; this should typically be between three and twelve months expenditure as a general reserve. Osgathorpe Parish Council's reserves do fit into this guidance.
7. By reviewing the hard evidence, discussing with the Clerk, and selectively testing a small number of transactions, I am satisfied that the Council is operating sound policies and procedures which enable it to deliver its services and fulfil its responsibilities effectively and efficiently.
8. Recommendations have been made within this report to enhance and strengthen the internal controls that exist. I have tested all the Internal Control Objectives I am required to consider, and the majority of objectives have been met. I have therefore completed the Internal Audit Report section of the Annual Governance and Accountability Return. 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 to detect error or fraud. Consequently, the report is limited to those matters set out.

Yours sincerely,

Eliza Hill

Eliza Hill
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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	13,689	13,366
2. Annual precept	4,933	4,658
3. Total other receipts	3,627	1,461
4. Staff costs	1,632	1,632
5. Loan interest/capital repayments	-	-
6. Total other payments	7,252	3,720
7. Balances carried forward	13,366	14,132
8. Total cash and investments	13,366	14,132
9. Total fixed assets and long-term assets	24,639	24.639
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>