

Annual Internal Audit Report

(to be read in conjunction with Section 4 of the Annual Return)

Name of council:	Moreton Pinkney Parish Council		
Name of Internal Auditor:	Dr TJ Waterfield	Date of report:	5 th June 2017
Year ending:	31 March 2017	Date audit carried out:	5 th June 2017

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:

An on-line audit of the Council's compliance with the Transparency Code revealed a number of issues. Whilst the Council pays a third party to manage its website, the domain name (moretonpinkney.info) is not owned by the Council. Every web page contains a disclaimer absolving the Council's responsibility for its contents; yet it is the Council web site! The Council should review how the content of the website is managed and include it in its Risk Assessment. Regarding the Transparency Code, agendas for Council meetings, the asset register and **councillor** responsibilities were not available on the website. The Council should review the need for a blog for the minutes. It should also ensure that 'old material' remains available.

It was noted that issues raised at the previous audit have either been dealt with or are work-in-progress. However, the Council are reminded that they should register any 'community' green space if appropriate. Regarding the possible removal of wells from its Asset Register, the Council should ensure that the 'owners' are aware of their liabilities.

The Council are reminded that 'AOB', or any words implying that, is a proscribed item on the agenda and that no business must be conducted that is not explicitly on the agenda.

It was noted that the Council has an ongoing issue with HMRC regarding an alleged non-payment of PAYE. Perhaps the Council should consider consulting a tax expert to bring the matter to a conclusion. It is also reminded that as an employer it has a legal duty to pay PAYE for its employees.

The Council should ensure that it has, or is in the process of building-up, sufficient reserves identified as 'earmarked' or 'ring-fenced' or 'allocated', to cover its planned activities in addition to any general operating reserves. Contrary to an edict issued by the external auditors several years ago, the Council has revalued its assets at current replacement costs rather than at original purchase (either real or notional in the case of old items) costs. Thus the Annual Return shows an increase of 76% in the value of its assets. The Asset Register should always record actual purchase cost; there is no reason why a replacement value can't be included as well.

Finally the auditor would like to thank the Clerk for his hospitality during the audit.

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.

Yours sincerely,

Dr. TJ Waterfield
Internal Auditor to the Council
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The figures submitted in the Annual Return are:

	Year ending 31 March 2016	Year ending 31 March 2017
1. Balances brought forward	5,413	4,766
2. Annual precept	6,180	6,300
3. Total other receipts	378	540
4. Staff costs	2,088	2,162
5. Loan interest/capital repayments	0	0
6. Total other payments	5,117	4,606
7. Balances carried forward	4,766	4,838
8. Total cash and investments	4,766	4,838
9. Total fixed assets and long term assets	18,098	31,800
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 (2017)*. 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:

<http://www.northantscalc.com/uploads/practitioners-guide-2017.pdf>