

# Internal Audit Report

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

Name of council:	Thundridge Parish Council		
Name of Internal Auditor:	Monika Duong	Date of report:	30/04/2022
Year ending:	31 March 2022	Date audit carried out:	29/04/2022

*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:

This audit has been undertaken 'remotely' as agreed with the Clerk, Colin Marks in February 2022. I have utilised the Council's website to view necessary information as well as posed questions to the Clerk via email. We held a Zoom meeting on 22 April 2022 after which I requested further documents required for the completion of the internal audit to be emailed. I was well impressed with the Clerk's ability to provide the necessary information promptly and with his overall knowledge of business matters in relation to the Thundridge Parish Council.

During the course of the audit, I examined the Council's arrangements for the management and control of its business in the areas of bookkeeping, due process (ie compliance with the proper practices as set out in the Practitioners' Guide), risk management, budget setting and monitoring, payroll, asset register, bank reconciliations, internal control and year-end procedures. I also sought evidence that the previous year's reports from Internal and External Auditors had been properly reported to the Council.

In my opinion the Clerk seems to be a very competent employee, and the overall internal control is good, however as a result of this audit, I did identify two audit issues that warrant comments;

- **The annual review of the Council's risk assessment** - the risk assessment was not reviewed during 2021/22, the latest is dated March 2021. I do appreciate that as explained by the Clerk and he also provided me with a copy he prepared in February 2022 in preparation for the March meeting -that by an oversight he omitted to include it on the agenda. As the annual review of the Council's risk assessment is a statutory requirement, I had to answer **no** to the point C of Annual Internal Report 2021/22 supplied by the External Auditor.

- **The publication requirements for 2020/21 AGAR as per guidance notes** – There is no evidence that the notice of conclusion of audit has been completed, and then published on the Council's website. I noted that this was the only omitted form (Section 1,2 & 3 of AGAR – met publication requirement). Under the Accounts and Audit Regulations 2015 the notice of conclusion of audit must be published on a suitable website or be publicly displayed in the local area for a period of 14 days. I do appreciate the Clerk's comment that he could not find a copy of it , which should have been supplied by the external auditor with their report and certificate. I had to answer **no** to the point N of Annual Internal Report 2021/22 supplied by the External Auditor.

You will note that I have given 'Not Covered' responses in respect of Control Objectives F and K, and I am required to explain why I have done this.

- The reason for the Not Covered response for Objective F is that I understand that your Council does not maintain a Petty Cash.
- The reason for the "Not Covered" response for Objective K is that it is not applicable to your Council as the Council did not certify itself exempt from limited assurance review in 2020/21.

I have also made number of observations and noted the following for Council's consideration:

- There is one unpaid disputed invoice of £1,177.41 for street light maintenance received from the Hertfordshire County Council (HCC) . The Clerk assured me that there is a lack of evidence that the lights are owned by the Parish Council. My recommendation for the Council is to seek further clarification from the HCC and to report on this at the Council's meeting.
- Standing Orders are outdated and should be reviewed in a timely matter following the latest NALC model. It is recommended as a best practice to review the Standing Orders annually.
- Council' s website – some information is not easy to find, and I strongly recommend to review the Council's website to make it more user friendly.

Having tested all of the objectives of internal control as set out in Internal Audit section of the AGAR, through the examination of the evidence and discussions with Mr Colin Marks, I can confirm that the Council has met most of the requirements, except two as detailed above and I have signed off the AGAR as required.

I would like to thank the Clerk, Mr Colin Marks for his excellent assistance.

Yours sincerely,

Monika Duong MAAT  
Internal Auditor to the Council  
monikaduong0@gmail.com

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

	<b>Year ending 31 March 2021</b>	<b>Year ending 31 March 2022</b>
1. Balances brought forward	162,335	190,545
2. Annual precept	32,500	32,500
3. Total other receipts	55,897	21,990
4. Staff costs	11,666	10,542
5. Loan interest/capital repayments	nil	nil
6. Total other payments	48,521	20,289
7. Balances carried forward	190,545	214,204
8. Total cash and investments	190,545	214,204
9. Total fixed assets and long-term assets	258,247	258,247
10. Total borrowings	nil	nil

The proper practices referred to in Accounts and Audit Regulations are set out in *Governance and Accountability for Smaller Authorities in England (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.haptc.org.uk/uploads/practitioners-guide-2021-15.pdf>