

Internal Audit Report

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

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|---------------------------|---------------------|-------------------------|------------|
| Name of council: | Oakham Town Council | | |
| Name of Internal Auditor: | Terry Brown | Date of report: | 07/07/2020 |
| Year ending: | 31 March 2020 | Date audit carried out: | 24/6/2020 |

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 Chair of the Council:

In accordance with the terms of my engagement I have undertaken a review of Oakham Town Council's records, policies and procedures for the financial year ending 31st March 2020 and I enclose a completed and signed Annual Internal Audit Report for the AGAR 2019/20.

The internal audit exercise involves the testing of the evidence of and evidence of compliance with the 12 statements contained in the Annual Internal Audit Report of the Annual Governance and Accountability Return (AGAR)

The statements refer to:

- A. Maintenance of proper financial records
- B. Compliance with the Council's Standing Orders, Financial Regulations and proper accounting for VAT
- C. Adequacy of risk management arrangements
- D. Effective budgeting and budgetary control
- E. Identification of income due and timely collection and banking of such monies
- F. Proper administration of petty cash (where appropriate)
- G. Proper administration of salaries of employees and expenses paid
- H. Maintenance of an accurate and reliable asset register
- I. The completion of regular bank reconciliations
- J. The correct basis and accurate preparation of year-end accounts
- K. Whether the Council has met its responsibilities as a trustee (where appropriate)
- L. Correctly applying the exercise of public rights during the previous year period

There is clear evidence throughout both finance and governance of procedures that will provide parishioners with confidence in the administration of their Town Council. The systems of internal control have been reviewed in the year and now provide an effective control.

Minutes are detailed and yet specific to the agenda item. But the nature of the background to the AGAR this year because of Corona means that the audit process throws into greater prominence the role of the Parish Council's website as a critical tool to assess the adherence of your Council to achieving consistency and regulatory compliance and the associated reporting requirements for Transparency;

At times, the website reporting of all information relating to minutes in the form of the appendices seems inconsistent and would benefit from a review of procedure.

The Council makes extensive use of Committees and two of these, Staffing and Planning and Recreation, are open to the public. I would recommend this be extended to the Finance Committee with a specific remit to introduce a mid-year internal audit.

Councillors receive full financial reporting at each full Council meeting but there needs to be a greater importance attached to a regular review of the variances against the budget.

Finally, the Council should be encouraged to assess the Risk associated with its single officer staffing provision and consider a contingency plan to cope with any staffing interruption.

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.

Yours sincerely,

Terry Brown
Internal Auditor to Oakham Town Council on behalf of LRALC
01476 516366

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

| | Year ending 31 March 2019 | Year ending 31 March 2020 |
|-------------------------------------|------------------------------|------------------------------|
| 1. Balances brought forward | 241675 | 256195 |
| 2. Annual precept | 273990 | 265180 |
| 3. Total other receipts | 25554 | 15909 |
| 4. Staff costs | 44079 | 47324 |
| 5. Loan interest/capital repayments | 5508 | 5508 |
| 6. Total other payments | 235437 | 160716 |

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|--|---------|---------|
| 7. Balances carried forward | 256195 | 323736 |
| 8. Total cash and investments | 252882 | 317682 |
| 9. Total fixed assets and long-term assets | 1044216 | 1044216 |
| 10. Total borrowings | 21129 | 15994 |

The proper practices referred to in Accounts and Audit Regulations are set out in *Governance and Accountability for Smaller Authorities in England (2018)*. 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.