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17 May 2021

Minting and Gautby Parish Council

C/O The Chairman
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To the Minting and Gautby Parish Council

REF: Parish Council Internal Audit Report for Period 2020/21

Opinion

I performed the Annual Internal Audit for the Minting and Gautby Parish Council on 13 May 2021.

The Minting and Gautby Parish Council is classified as a small authority as total income and total expenses are each less than £25,000. Therefore, my audit involved an inspection of the following:

- The accounting spreadsheet detailing income and expenditure, establishing an audit trail for invoices and reconciliation to the bank statements
- All expenses
- VAT claim for the year
- The current Asset Register
- Budget for the 2021/2022 precept
- Risk Assessment documentation
- Parish Council website presence

Internal controls and Governance were assessed in order to ensure the correctness of the presentation of the Annual Governance and Accountability Return 2020/21.

In my opinion, the financial documents present fairly, in all material respects, the financial position of the Parish Council as at 31 March 2021, and its financial performance and its cash flows for the year then ended in accordance with relevant International Financial Reporting Standards (IFRSs).

Basis for Opinion

I conducted the audit in accordance with International Standards on Auditing (ISAs). My responsibilities particular to auditing Parish Councils and Councils are further set out in the Accounts and Audit Regulations 2015.

The accounts for the Minting and Gautby Parish Council have been prepared on an income and expenditure basis.

Key Audit Matters

1. Financial Matters: (Repeated from previous report as a reminder)
Should the Parish Council decide to register for online banking, a careful assessment and review of controls on required Parish Council procedures and access to the bank account needs to be carried out to ensure the security of public funds.
2. Standing Orders:
Standing Orders govern the rules and procedures followed by the Parish Council. No departure from these procedures should occur unless the relevant Standing Order has been correctly modified. Legal advice may even be necessary.

Continual monitoring of model Standing Orders should be performed to ensure that the Parish Council complies with current recommendations and legal responsibilities. N.A.L.C. publishes these regularly, with instructions and suggestions for modifications for Councils. Councillors need to vote to adopt new, or modify existing, Standing Orders. Each Councillor should possess a folder of all adopted Standing Orders to ensure each is aware of the Parish Council legal responsibilities and the required procedures and rules for the operations of the Parish Council.

3. General Reserves:
"The Governance and Accountability for Smaller Authorities in England" publication lays out the recommendation for an appropriate level of general reserves to be maintained – See page 45

5.31. As with any financial entity, it is essential that authorities have sufficient Reserves (General and Earmarked) to finance both its day to day operations and future plans. It is important, however, given that its funds are generated from taxation/public levies, that such reserves are not excessive.

5.32. General Reserve

The generally accepted recommendation with regard to the appropriate **minimum** level of a Smaller Authority's **General Reserve** is that this should be maintained at between three (3) and twelve (12) months **Net Revenue Expenditure (N R E)**.

Net Revenue Expenditure (subject to any planned surplus or deficit) is effectively Precept\Levy less any Loan Repayment and/or amounts included in Precept\Levy for Capital Projects and transfers to Earmarked Reserves.

The smaller the authority the closer to the twelve (12) month level.

This Parish Council is currently maintaining a General Reserve close to the precept value for the period under consideration. During budget planning for the next Precept, Councillors should be careful not to exceed this without due reflection for appropriate further project expenditure.

4. Continual Development:

Councillors are encouraged to take part in various courses offered by the appropriate authorities to ensure all are current in their knowledge of the roles and duties expected of the Parish Council. This, as well as the rotation of roles and duties within the Parish Council itself, will ensure the continuation and growth of the Parish Council as a respected authority within the community.

Responsibilities of the Parish Council and Those Charged with Governance for the Financial Statements

Managing the internal controls on a day-to-day basis, as well as maintaining and preparing financial statements. The authority is charged with maintaining good governance to ensure that obligations are fulfilled in line with applicable statutory regulations.

The authority is responsible for setting the scope for the internal audit, as well as ensuring that the Internal Audit provider is both independent of the authority, without any actual or perceived conflict of interest, and competent to perform the audit.

The authority should, at least annually, carry out a review on the effectiveness of their system of internal control and governance.

Auditor's Responsibilities for the Parish Council Internal Audit

The objective of the Internal Audit is to review and report to the authority on whether its systems of financial and other internal controls over its activities and operating procedures are effective. This review of the internal controls includes confirmation of compliance to relevant good governance assertions.

The Internal Audit should be an on-going function, undertaken regularly throughout the financial year, to test the continuing existence and adequacy of the authority's internal controls.

It is not the function or responsibility of the Internal Audit to inspect, in detail, all records and transactions in order to detect error or fraud.

Signed: D Horsley



Dated: 17 May 2021