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13 May 2020

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 Year Ending 31 March 2020

Opinion

I performed the Annual Internal Audit for the Minting and Gautby Parish Council on 8 May 2020.

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 documents:

- The accounting spreadsheet detailing income and expenditure, establishing an audit trail for invoices and reconciliation to the bank statements
- A listing of all expenses over £100
- VAT claim for the year
- The current asset register
- Budget for the 2020/2021 precept

Internal controls and Governance were assessed in order to ensure the correctness of the presentation of the Annual Governance and Accountability Return 2019/20.

In my opinion, the financial documents present fairly, in all material respects, the financial position of the Parish Council as at 31 March 2020, 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

Whereas the financial position of the Parish Council was relatively well reflected and transparent, I identified the following areas that require mention:

1. Risk Assessment Review.

This is an ongoing exercise in that risks that could negatively impact the authority's objectives are identified, ranked and actions taken to mitigate this risk are all listed, then later reviewed. Risks may be identified in areas such as reputational, security, property, legal and Information Technology.

For example: A key risk identified here should be that there is no Parish Clerk / Proper Officer to advise Councillors on their legal responsibilities. The action to be taken should be that all Standing Orders are reviewed for amendments and corrections and then physical copies distributed to all Councillors. Councillors should also be actively encouraged to attend workshops and official lectures to further their understanding and knowledge.

Whilst performing the audit I noted that the last risk assessment carried out was to such a level of detail that it was still applicable in the most part, however, reviews should have been carried out and further risks identified and added during the year. The Parish Council should also carry out a year-end review of all their decisions and actions carried out during the year and identify areas that may carry risk to their reputation and finances, then put in place actions or checks to mitigate any risk.

2. Governance and Accountability.

Although it is not specifically disallowed, the roles of Parish Clerk and RFO being carried out by the Chairman presents a good governance issue and potentially exposes the Parish Council to increased risk in areas such as reputational, financial and legal.

The position of Clerk is that of a legal representative for the Parish Council as well as the official channel of communication to and from the Parish Council. The role of the elected Chairman is to be impartial and he/she cannot legally make a decision on behalf of the Parish Council.

As the Parish Council is not currently actively looking to fill the role of Parish Clerk, I strongly suggest that the duties and responsibilities of the role of Responsible Financial Officer (RFO) are assigned to a member of the Parish Council and separated from the Parish Clerk role. These duties and responsibilities should be clearly listed, understood and carried out in order to ensure that the Parish Council exposure to risk is minimised. Added to this, the Chairman should attend lectures where possible to broaden any legal knowledge base.

3. Financial Matters.

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.

Responsibilities of the Parish Council (Regarding Governance and 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: 13 May 2020