

## Internal Audit Report

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

Name of council:	Wicken Parish Council		
Name of Internal Auditor:	John Marshall	Date of report:	06.02.2014
Year ending:	31 March 2014	Date audit carried out:	03.02.2014

*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:

I carried out an in-year audit visit of Wicken Parish Council on Monday 3<sup>rd</sup> February 2014; I would take this opportunity to thank Ruth Millard, Clerk and RFO for her time and assistance. Ruth has been employed at the Council for just 3 months and is working hard to ensure that the matters raised by BDO as External Auditor and that led them to issue - not for the first time - a qualified (ie adverse) audit report for the previous year 2012 -13, will be fully addressed and so far as is possible remedied, by the 31 March year end. However, she had not seen the Report prepared by Dianne Isaacs, the Council's then NCALC Internal Auditor issued on 26 June 2013; a copy was left with Ruth.

Receipt of these reports does not appear to have been discussed by the Council as I can find no Minute recording this. It is essential that the Council as well as the Clerk read and act upon matters drawn to their attention by Internal and External Audit; indeed, the Council is required in Section 2 of the Annual Return that they have acted upon these issues, so all audit reports received should be presented to the Council and their receipt minuted, together with the action that the Council resolves to take in respect of the matters set out therein.

At this visit, we discussed;

- the apparent lack of any documented Internal Controls procedures or evidence of such controls being applied. Such procedures are necessary to ensure that all expenditure and payments approved and made by the Council are correct and supported by an invoice or equivalent payment authority. For a small Council such as Wicken they need not, indeed should not be heavy handed, but they serve as a means of providing assurance and protection of all concerned ie the Clerk, Councillors and the public from whom the Council's income is raised that money and expenditure is being properly managed and accounted for. An example of simple Internal Controls procedures has been provided to the Clerk. NB, please also note the previous Internal Audit report in respect of payroll matters.
- those core documents that were not available at the time of my visit viz the Asset Register and Standing Orders. It is essential that at least the core documentation ie

Standing Orders, Financial Regulations, Risk Assessment and Internal Controls procedures are reviewed and (re)adopted at least once in each audit year.

- the lack of any meaningful cash reserves being held by the Council. Whilst there is no requirement to do so, it is prudent to hold some funds – usually between 25% and 100% of precept - in reserve to cover unforeseen eventualities. This matter should be borne in mind are considered when setting the budget and precept for the next year 2014-15.
- the need to ensure that Councillors have individually completed the necessary declarations upon taking office, including a Register of Interest form and that the Council have adopted a Member's Code of Conduct.
- the fact that the Council has yet to put in place a Contract of Employment with the Clerk. Unless there is good reason not to, it is normal to use the standard template contract that has been agreed between the National Association of Local Councils (NALC) and the Society of Local Council Clerks (SLCC). A contract, covering not only the rate of pay but also the hours to be worked and allowances to be paid is legally required and this matter should be attended to as a matter of urgency.

These matters must be attended to by the 31 March year-end, primarily because the Council needs to be able to demonstrate to residents and others that it operates best practice and good governance in accordance with legal requirements but also to ensure that the Council is able to confirm, in Section 2 of the Annual Return that it has taken action on the recommendations and requirements of auditors. It is also the case, in the event that the Council is part of the 5% sample, randomly selected for intermediate audit that BDO will require sight of core policies and procedures.

The Council has experienced a difficult working environment over the last 12 months following issues with HMRC and a change of Clerk. I would therefore take this opportunity to remind you that your membership of Northants CALC entitles you to access and benefit from a range of advice and services (including the internal audit service) throughout the year. To that end, please note that further advice on the requirements set out in this report or any other audit-related matters is available from the Northants CALC office (01327 831482), the e-mail based member's enquiry service ([mes@northantscalc.gov.uk](mailto:mes@northantscalc.gov.uk)) or me, either now or in the future.

John Marshall  
Internal Auditor to the Council

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