

Internal Audit Report

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

Name of council:	Stretton Parish Council		
Name of Internal Auditor:	Terry Brown	Date of report:	5/5/2023
Year ending:	31 March 2023	Date audit carried out:	May 5th 2023

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 Stretton Parish Council's records, policies and procedures for the financial year ending 31st March 2023 and I enclose a completed and signed Annual Internal Audit Report for the AGAR 2022/23.

The internal audit exercise involves the testing of the evidence of and evidence of compliance with the 15 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.

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Stretton is a small Parish Council with six Councillors and with less than 50 transactions a year.

Even so it has had a varied and interesting past history of intra-Councillor relationships which has led to some turnover of Clerks.

The current Clerk has been in post since Christmas and brings experience of Clerking in other neighbouring parishes to this post.

The Zoom meeting on the 5th of May established that she is fully aware of such history and has a robust plan to bring all aspects of governance back to an even keel. In doing so she has the full support of the Chair.

The discussion in the Zoom meeting did not identify any immediate or substantial risks from this background

Internal controls are satisfactory and conducted in supervision by a Councillor.

The payment 100516 on 8/7/22 for £1036 was satisfactorily explained in terms of payroll as administered by Rutland CC.

There is a concern about the effective administration of the website and again the new Clerk has in hand a plan for improvement. This should lead to more details about the budgetary process being available for public scrutiny.

Similarly there will a systematic review of all policies and it is recommended that a Grievance Policy be adopted.

Response by the Parish Council to routine planning applications is delegated to a set of Councillors as detailed in the Standing Orders whilst major application will fall to discussion at a full Council. The Parish Council must make certain that any responses at either of these two levels is full transparent to parishioners.

Many thanks to the Clerk for her detailed and helpful responses with this audit.

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,



Internal Auditor to Stretton Parish Council on behalf of LRALC
01476 516366

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

	Year ending 31 March 2022	Year ending 31 March 2023
1. Balances brought forward	4497	5129
2. Annual precept	5280	9126
3. Total other receipts	114	681
4. Staff costs	3142	2378
5. Loan interest/capital repayments	0	0
6. Total other payments	1620	3978
7. Balances carried forward	5129	8580
8. Total cash and investments	5129	8580
9. Total fixed assets and long-term assets	5521	4669
10. Total borrowings	0	0

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. A copy of the guide is available for free download from:

<http://www.leicestershireandrutlandalc.gov.uk/uploads/governance-and-accountability-for-smaller-authorities-in-england-2019-sections-1-5-1.pdf>

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Annual Internal Audit Report 2022/23

STRETTON PARISH COUNCIL
STRETTON VILLAGE PARISH COUNCIL Co.uk

During the financial year ended 31 March 2023, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2022/23 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2021/22 AGAR tick "not covered")	✓		
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	✓		
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2022-23 AGAR period, were public rights in relation to the 2021-22 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2021/22 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

Name of person who carried out the internal audit

Signature of person who carried out the internal audit

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

STRETTON PARISH COUNCIL
1 VALE COTTAGE, CHURCH STREET, RYHALL, STAMFORD, LINCOLNSHIRE, PE9
4HW

Dear Terry,

Appointment of Internal Auditor

I have been asked by my Council to request through the Leicestershire and Rutland Association of Local Councils (LRALC) that you carry out our internal audit for the financial year 2022-2023. The purpose of this letter is to set out the basis on which you are engaged to provide internal audit services to the Council and the respective responsibilities of the Council and of you as its auditor.

Roles and Responsibilities

The members of the Council understand that they are responsible for ensuring that the Council maintains proper accounting records together with an appropriate system of internal control. To that extent the Council is responsible for the preparation of an Annual Governance Statement and Accounting Statements and the completion of the 'Annual Governance and Accountability Return'.

As internal auditor, you are responsible for reporting to the Council on the adequacy and effectiveness of the systems of internal control.

Scope of Audit and Reporting Requirements, Access to Information

The Council requires you to:

- complete and sign the Internal Audit Section of the Annual Governance and Accountability Return; and
- Provide the Council with a written report of your findings upon completion of the audit.

In carrying out the internal audit, you will have full access to all Council books and records, staff and councillors as you consider necessary. For your part, you will have full regard to the guidance on Internal Audit set out in the current edition of "Governance and Accountability for Smaller Authorities in England – A Practitioners' Guide to Proper Practices to be applied in the preparation of statutory annual accounts and governance statements" published by the Joint Panel on Accountability & Governance, particularly Section 4 that sets out "Non-statutory guidance for internal audit at smaller authorities".

In addition to the information in Section 4, we would be grateful if you would consider the following key systems and processes as part of your review:

- proper book-keeping including the cash book;
- standing orders and financial regulations;
- payment controls;
- income controls;
- budgetary controls;
- bank reconciliations;
- year-end procedures; and

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- risk management arrangements.

Independence

In signing this letter you confirm that you are independent of the Council and of its councillors and officers. You undertake to confirm to us in writing if you become aware of any threats to your independence or if these circumstances change.

Period of Engagement

Your initial appointment as Internal Auditor to the Council commences on 24th April 2023. This letter supersedes any previous engagement letter issued by the Council. Once agreed, this letter will remain effective from the date of signature until it is replaced.

Agreement of Terms

We should be grateful if you would confirm your agreement to the terms set out in this letter by signing and returning the enclosed copy.

Yours sincerely,

Deborah Rife

Clerk to the Council

For Internal Auditor to complete

I confirm that I have read and understood the contents of this letter and agree that it accurately reflects my fair understanding of the services that I am required to provide.

Signed  _____

Dated 5th May 2025

cc: Leicestershire and Rutland Association of Local Councils

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