

## Internal Audit Report

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

Name of council:	Kilsby Parish Council		
Name of Internal Auditor:	Gill Wells	Date of report:	14 <sup>th</sup> April 2021
Year ending:	31 March 2021	Date audit carried out:	12 <sup>th</sup> April 2021

*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 council through its staff and management and not left for internal audit. 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. This report is based on the evidence made available to me and consequently the report is limited to those matters set out below.*

***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:

It should be noted that, due to restrictions resulting from the Covid 19 constraints, the audit was carried out remotely and via a virtual meeting held on zoom with your Locum Clerk, Catherine Camp and Cllrs Howard Gibbs and Richard page in attendance.

As part of the annual internal audit process I carried out a full examination of bookkeeping, due process, risk management, bank reconciliations, internal control and performed a detailed scan of the minutes and decisions taken by the Council from 1<sup>st</sup> April 2020 - 31<sup>st</sup> March 2021. I also carried out a review of the Council's website.

It was noted that in July 2020 there was discussion regarding the gifting of play equipment and the ability to reclaim VAT. In making a lawful VAT reclaim (VAT Act 1994) a council must ensure that it meets the following tests:-

1. The Council placed the order for the supply;
2. The Council received the tax invoice for the supply;
3. The invoice was addressed to the Parish Council;
4. The Council paid the invoice from its own funds;
5. The Council can retain the purchase for its own use or give them away;
6. The Council must not have received any reimbursement whatsoever, either in kind from the recipient group, ie a donation whether inclusive of the VAT or with the VAT element deducted.

During the course of the audit I was advised that the Council had met the above tests and so were correct in their resolution that they could and would gift the play equipment without repercussions regarding the reclaim of VAT. Whilst I am not a VAT expert it is my

understanding that Kilsby Parish Council are therefore lawfully able to recover the VAT on this purchase.

I would like to take this opportunity to thank your Locum Clerk, Catherine, for making all the information available to me in order that I could carry out a detailed review of the Council's management, governance and financial affairs. It was a pleasure to read the documents and I very much look forward to auditing Kilsby Parish Council next year and wish you and the Council well.

This report is based on the evidence made available to me either on the website or confirmed via the virtual meeting. It would be incorrect to view the internal audit report 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 above.

Yours sincerely,

Gill Wells  
Internal Auditor to the Council  
Thewellsclan1@googlemail.com

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

	<b>Year ending 31 March 2020</b>	<b>Year ending 31 March 2021</b>
1. Balances brought forward	66987	86141
2. Annual precept	46830	44650
3. Total other receipts	21690	26289
4. Staff costs	17480	21701
5. Loan interest/capital repayments	0	0
6. Total other payments	31886	61005
7. Balances carried forward	86141	74374
8. Total cash and investments	86141	74374
9. Total fixed assets and long-term assets	75002	82072
10. Total borrowings	NIL	NIL

The proper practices referred to in Accounts and Audit Regulations are set out in *Governance and Accountability for Smaller Authorities in England (2021)*. It is a guide to the accounting practices to be followed by local councils and it sets out the appropriate standard of financial reporting to be followed. A copy of the guide is available for free download from:

<https://www.northantscalc.com/uploads/practitioners-guide-2021.pdf>