

# Internal Audit Report

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

Name of council:	Kettering Town Council		
Name of Internal Auditor:	Kate Houlihan	Date of report:	18 February 2022
Year ending:	31 March 2022	Date audit carried out:	17 February 2022

*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:

I carried out an in-year audit of the Council on 17 February 2022. I met with Martin Hammond Town Clerk and would like to thank him for his time and assistance.

Prior to the visit I carried out a review of documents on the council's website. During the visit was able to consider further documents and discuss a number of matters with the clerk. Please note that this is an interim report, a full report including completion of the Internal Auditors Report for the Annual Governance and Accountability Return (AGAR) will be made following my next visit.

The council is very well run with clear documentation and reports supporting council decisions. I highlight the areas below to strengthen the council's internal processes and ensure compliance with statutory requirements.

**Review the councils Internal Controls:** The council should adopt a system of internal control appropriate to the risks they face. The council currently has a single employee; therefore, it is not possible for any segregation of duties to take place, this needs to be mitigated against.

Examples of internal control measures might include:

- members having sight of invoices and payees bank details when approving payments through online banking.
- members being able to verify the reported bank balance to either physical bank statements or the online account.

**Review Financial Regulations:** The council's financial regulations are still in draft form and are not tailored to the council. The council should ensure that procedures for quotes and

tenders detailed in the council's financial regulations match those shown in the councils standing orders.

**Carry out an appropriate risk assessment:** The council must carry out an appropriate assessment of all the risks facing the council and this risk assessment must be approved by the Full Council. A sample document has been supplied to the clerk.

**Pensions Arrangements:** The council needs to ensure that they are complying with their statutory pension obligations and register with the pensions regulator as appropriate.

**Introduction of a Purchase Order System:** All orders for goods and services to be supported by a purchase order, with the appropriate authority for ordering goods defined in your financial regulations.

**Introduction of an accounting system:** The Council's financial records are currently maintained on an excel spreadsheet, and this is fit for purpose. In the future the council may find that use of an accounting package would be of benefit. You might consider Sage or QuickBooks, or one of the sector specific packages such as Scribe or Rialtas. This would facilitate more comprehensive financial reporting better suited to a growing council.

**[Review of the transparency code](#):** The Council must comply with the transparency code and it would be prudent to review the code to ensure that all necessary information is published in the correct format.

I look forward to completing the year-end audit in due course.

Yours sincerely,

Miss Kate Houlihan  
Internal Auditor to the Council  
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The figures submitted in the Annual Governance and Accountability Return are:

	Year ending 31 March 2021	Year ending 31 March 2022
1. Balances brought forward		
2. Annual precept		
3. Total other receipts		
4. Staff costs		
5. Loan interest/capital repayments		
6. Total other payments		
7. Balances carried forward		
8. Total cash and investments		
9. Total fixed assets and long-term assets		
10. Total borrowings		

The proper practices referred to in Accounts and Audit Regulations are set out in *Governance and Accountability for Smaller Authorities in England (2020)*. 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-2020-2.pdf>