

# 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:	08 May 2023
Year ending:	31 March 2023	Date audit carried out:	11 November 2023 05 May 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 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:

Firstly, my thanks to Martin Hammond, Town Clerk for his time and assistance during this year's audit.

To complete my audit work, I visited the council on the 11 November 2022 and the 6 May 2023. I also reviewed documentation available on the council's website including minutes, policies, and finance information. The clerk provided me with remote access to "Scribe," the council's finance package, and supplied several documents relating to the year end.

I was able to confirm that appropriate accounting records have been kept and accounting statements are supported by underlying records. Based on the evidence provided to me I am satisfied the internal control objectives have been met, and I have completed and signed the Annual Internal Audit Report accordingly.

I would draw the council's attention to the following points:

- The council is now reporting on an on an income and expenditure, rather than a receipts and payments basis. The clerk has restated the previous year's figures on this basis, and I was able to review the supporting documentation detailing how the accounts had been moved to an income and expenditure account.

- Since November 2022 the council has been using a corporate card for some purchases. Whilst the spending limit on the card complies with the council's financial regulations, the council should consider if any further internal controls are needed to mitigate risks associated with card purchases.
- It may be clearer to record the card as separate account with the finance system so that there is a clear trail of use of the card.
- The council should review their internal controls annually to ensure they are fit for purpose.
- I note that the council has received a refund of their business rates for the market and the council should seek appropriate advice on its eligibility to receive discretionary relief in relation to business rates.

A summary of the evidence reviewed is shown in appendix 1.

Please do not hesitate to contact me if you have any queries relating to this report.

I wish the council successful 2023-24

Yours sincerely,

*K Houlihan*

Ms Kate Houlihan  
Internal Auditor to the Council  
Yours sincerely,

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

	<b>Year ending 31 March 2022 RE-STATED</b>	<b>Year ending 31 March 2023</b>
1. Balances brought forward	-	21,957
2. Annual precept	134,000	325,000
3. Total other receipts	28,100	20,736
4. Staff costs	18,610	68,170
5. Loan interest/capital repayments	0	0
6. Total other payments	121,533	135,352
7. Balances carried forward	21,957	164,170
8. Total cash and investments	33,804	161,024
9. Total fixed assets and long-term assets	201,919	247,853
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>

## Appendix 1: Summary of Evidence Reviewed:

<p>A. Appropriate accounting records have been properly kept throughout the year.</p> <p>AND</p> <p>I. Periodic bank account reconciliations were properly carried out during the year.</p>	<p>The council uses Scribe to maintain their financial records. The accounting records are up to date.</p> <p>All transactions for July were matched to invoices, the bank statement, and records on Scribe. There were no anomalies. A sample of payments across other months were also tested assessed using Scribe, there were no anomalies.</p> <p>Monthly bank reconciliations are carried out. Members verify these.</p>
<p>B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT appropriately accounted for.</p>	<p>The council updated their <a href="#">Financial Regulations</a> in March 2022.</p> <p>The council now uses a corporate card, I would recommend that the council review their internal controls in line with this.</p> <p>The council had monitored its VAT position and taken appropriate advice in respect of its operations, in particular market rents.</p>
<p>C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</p>	<p>The council reviewed its risk assessment in April 2022. The F&amp;G committee then conducted further work, and this was reported to council in June 2022.</p>
<p>D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</p>	<p>Budget monitoring is evident through the monthly F&amp;G committee meetings. Regular consideration of reserves can be seen in the minutes of the F&amp;G committee.</p>

<p>E. Expected income was fully received based on correct prices, properly recorded, and promptly banked; and VAT appropriately accounted for.</p>	<p>Income is banked promptly with most payments received online.</p> <p>The council had monitored its VAT position and taken appropriate advice in respect of its operations, in particular market rents.</p> <p>The VAT claim for Q4 was reviewed.</p>
<p>F. Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for</p>	<p>The council does not operate a Petty Cash system.</p>
<p>G. Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.</p>	<p>Payroll is contracted out.</p> <p>A sample of staff salary payments were checked. All were paid at the correct rate in line with staff contracts.</p> <p>Tax, NI, and pension contributions are deducted correctly.</p>

<p>H. Asset and investment registers were complete and accurate and properly</p>	<p>The asset register was reviewed in November 2022. Any year end revisions will be made and presented to council for approval.</p>
<p>J Accounting Statements prepared during the year were prepared on the correct accounting basis (Receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.</p>	<p>The council is using Scribe correctly to produce the accounts on an income and expenditure basis. The council has just moved from receipts and payments accounts to income and expenditure. The clerk was able to supply documentation detailing how the previous year's position had been re-stated. I was also able to follow the audit trail as to how this year's yearend adjustments had been arrived at.</p>
<p>K. If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt.</p>	<p>Not applicable.</p>

<p>L. The authority publishes information on a free to access website / web page, up to date at the time of the internal audit in accordance with any relevant transparency code requirements</p>	<p>Documentation was available on the council's website</p>
<p>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).</p>	<p>The dates for a period for the exercise of public rights were detailed in the minutes of the Annual Meeting of the Council May 2022. The notice was also available on the council's website.</p>
<p>N. The authority complied with the publication requirements for the prior year AGAR.</p>	<p>Documentation was available on the council's website</p>

O. Trust funds (including charitable) - the Council met its responsibilities as a trustee	N/A
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