

**INTERNAL AUDIT REPORT  
NORLEY PARISH COUNCIL  
2018/19**

	<b>ISSUE</b>	<b>RECOMMENDATION</b>	<b>FOLLOW UP</b>
1	None of the interest received in the Deposit account has been included in the accounts so the bank reconciliation does not balance.	<i>The bank reconciliation and accounts need to be reworked with the deposit account interest received included</i>	
2	The Annual Return accounts cast to £45393, however, £45396 is disclosed as closing balances on the Annual Return. The £3 difference may well relate to the interest received not recorded in the accounts noted in 1.) above	<i>The error should be corrected so the Annual Return casts to the correct figure</i>	
3	The payment to Dutton for £5904.72 was in excess of the threshold for securing three quotations in the Financial Regulations. No evidence was provided that three quotes were obtained for these works.	<i>The procurement requirements in the Financial Regulations for contracts should be complied with</i>	
4	The fidelity insurance of £25000 does not cover maximum projected cash and bank balances calculated as year end balances (£43396) plus the next precept instalment (estimated as 50% of the precept - £12840) which is £49816	<i>The level of fidelity insurance should be increased to at least £49816.  The adequacy of fidelity insurance should be assessed annually as part of the annual risk assessment review</i>	

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5	The level of reserves of £45396 carried forward is 354% of the precept level and we could not identify any earmarked reserves disclosed with the accounts	<i>The council should review the level of general reserves and set aside any required earmarked reserves. The level of earmarked and general reserves should be disclosed in the accounts papers.</i>
<b>IMPORTANT GUIDANCE NOTE</b>		
<b>INTERNAL AUDIT CERTIFICATE in the AGAR</b>		
There is a new internal control objective (Objective L) in the 2018/19 internal audit certificate that requires internal audit to conclude on whether the Public Rights Notice during the <b>previous Summer</b> was compliant with the Regulations. This is pre-filled for 2018/19 but in order to test this and conclude YES or NO for the 2019/20 internal audit we would need to receive with the 2019/20 books and records:		
<ul style="list-style-type: none"> <li>- A copy of the completed 2018/19 Notice of Public Rights and Publication of the Unaudited Annual Governance and Accountability Review</li> <li>- A dated photograph showing the first day of the Notice of Public Rights on the noticeboard and/or a dated computer screenshot showing the first date of the Notice of Public Rights on the website for 2018/19</li> </ul>		
Our approach to this new requirement will be to conclude NO if we have not received the above evidence and explain on the AGAR that we received insufficient evidence to be able to conclude YES; we would also conclude NO if the dates advertised were not compliant with the Regulations.  This will be a new ongoing requirement for internal audit, as well as verifying whether certain smaller councils meet the exemption criteria from an external audit. Therefore, for the 2019/20 internal audits there will be additional time charged at a fixed fee of £9 + VAT per local council to complete the new requirements.		
<b>2017/18 internal audit</b>		
1	No risk assessment was carried out during the year and reviewed and approved by	<b>Implemented</b>
<i>Risk assessment should be annual, formal and minuted</i>		