

Annual Internal Audit Report

(to be read in conjunction with Section 4 of the Annual Return)

Name of council:	Hackleton Parish Council		
Name of Internal Auditor:	John Marshall	Date of report:	15.06.2016
Year ending:	31 March 2016	Date audit carried out:	31.05.2016 and 14.06.2016

*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. 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 below. 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 Chairman of the Council:

I met with Anna Palmberg, Clerk and RFO on 31 May and again on 14 June to carry out the year-end audit of Hackleton Parish Council; I would take this opportunity to thank Anna for her time and assistance.

Last year, neither I nor BDO as External Auditor identified any audit issues. This year's audit identified two main issues *viz* a failure to review and therefore (re)adopt the Financial and Management Risk Assessment and a failure to pay HMRC all of the tax due under PAYE. To put these matters in perspective, the clerking arrangements changed during the course of the audit year and these matters got lost during the transition period between the departure of the previous Clerk and the arrival of the new Clerk (Anna) and were consequently overlooked. This is the explanation rather than the excuse - because there can be no excuse - for these oversights but having been the Council's Internal Auditor for several years, I am satisfied they were administrative 'hiccoughs' rather than systemic failings and both now been remedied.

That said, I have answered 'no' to question C in Section 4 of the Annual Return but 'yes' to question G relating to the PAYE matter. This is because other than the 2 months when, due to an unexpected tax code change, the correct amount of tax was deducted but not paid to HMRC, for the balance of the year, in all significant respects, PAYE was properly dealt with; I am satisfied the error was due to a genuine misunderstanding on the Clerk's part.

Notwithstanding these comments, by examination of hard evidence and questioning, I tested all the aspects of the Council's internal controls that I am required to consider at Section 4 of the Annual Return and I am satisfied that effective systems to manage, monitor and control the Council's business are in place and have signed the Return as required.

John Marshall
Internal Auditor to the Council
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