

Annual Internal Audit Report

Name of council:	Oundle Town Council		
Name of Internal Auditor:	John Marshall	Date of report:	26.05.2013
Year ending:	31 March 2013	Date audit carried out:	22.05.2013

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 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 carried out an interim ie in-year audit of Oundle Town Council on 22 May; thanks are due to Debra Raper, Clerk to the Council and RFO and to Paul Smith, Finance Officer for their assistance.

For the previous audit year 2011 – 2012 no issues requiring attention were identified by either the NCalc appointed Internal Auditor identified or BDO, as External Auditor. The issues raised by me at my pre-audit visit earlier in the year, relating to regular examination, recording and reporting of the Council's street furniture, public open spaces, play equipment etc has been fully and properly addressed.

Whilst I was satisfied that the Council's governance arrangements are sound and deliver outcomes that are fit for purpose, there is a need to thoroughly review and where necessary revise some of the core documents to ensure firstly that they reflect current working practices and secondly that they provide a coherent package, with all the key issues having been properly addressed. To that end, I identified the following issues;

- the Financial Regulations (FR), at 6.6 allow variable direct debit (VDD) to be used for the payment of utility supplies but the current usage of VDDs is much wider than that. Whilst not strictly in accordance with legal requirements, VDDs are now widely used by Councils. However, it is likely that when the Council introduced this latitude into its FRs it was because of the direct debit guarantee that is available; if the Council wishes to widen the scope of VDD usage then this needs to be properly risk assessed and form part of the Financial and Management Risk Assessment document to ensure that the guarantee covers all payees. In that event, FR 6.6 will also need to be revised to remove the reference that limits the scope to utilities.
- FR 14.1 includes an incorrect reference to FR 16; it should be 17.
- The Risk Assessment Policy refers to the Chairman of the Finance Committee acting as the Council's internal auditor whereas I believe what is intended is for the Chairman to act as the Internal Controls Councillor.

I make these latter two points not to be pedantic, but to demonstrate that accuracy in core documents is important (in the way that inaccuracy might demonstrate a lack of validity and confidence that the documents are actually used and adhered to).

I am satisfied that the objectives of Internal Control as set out in Section 4 of the Annual Return have been met and accordingly, have answered 'yes' to all questions and signed off the Return.

Finally, the document relating to Effectiveness of Internal Audit calls for a visit to be paid to the Council by the Internal Auditor during the first half of the year. I reiterate the comment made at the time of my visit, when Cllr Elliott joined us at the conclusion of the audit that the NCALC Internal Audit Service to which you subscribe is available to you year round, so please do not hesitate to contact me for further advice and assistance if required.

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26 May 2013