

**INTERIM REPORT OF THE INTERNAL AUDITOR TO**  
**BURBAGE PARISH COUNCIL 2016 - 2017**

- 1 I have undertaken an interim internal audit of Burbage Parish Council for the year ended 31<sup>st</sup> March 2017. My role as internal auditor is to assist the council in fulfilling its responsibility for the prevention and detection of fraud and corruption, errors and mistakes. This is achieved by ensuring that proper systems and financial controls are in place to fulfil this objective. It is not the role of the internal auditor to audit the annual accounts nor is it the role of the internal auditor to verify that the assertions made by the council in section 1 of the Annual Return are correct. It would also be incorrect to view internal audit as the detailed inspection of all records and transactions of the council in order to detect errors and fraud. The role is, as a minimum, to carry out the tests outlined in section 4 of the Annual Return.

Further details of the role of the council, the external auditor and the internal auditor regarding the Annual Return can be found in the Practitioners Guide (Governance and Accountability for Local Councils).

- 2 I have carried out most of the tests which have been suggested by the Audit Commission in section 4 of the Annual Return to the external auditor. Although the council has not yet received the Annual Return for the year ending 31<sup>st</sup> March 2017, it is highly unlikely that there will be any significant changes. I have also reviewed the internal financial controls and systems. The remaining tests will be carried out when the year end final accounts have been prepared. There are no issues to which I need draw your attention.
- 3 Finally I would like to thank your Principal Officer and Responsible Financial Officer, Julie Perrin for the help and assistance provided during the course of the audit and also for the efficient manner in which the books and records are maintained. I would also like to wish Julie every success for the future. I have enjoyed an extremely good working relationship with Julie over the last 15 years and I am sure that she will be greatly missed by Burbage Parish Council.

Ian Fraser CPFA  
22<sup>nd</sup> February 2017

**ANNUAL REPORT OF THE INTERNAL AUDITOR TO**  
**BURBAGE PARISH COUNCIL 2016 - 2017**

I have now completed my internal audit of Burbage Parish Council for the year ended 31<sup>st</sup> March 2017. I reviewed the draft annual accounts for 2016/2017 and also the entries in the annual return to be submitted to the external auditor. I carried out my interim audit on 22<sup>nd</sup> February and as you now have new staff in the office I am also representing that report in order to show the reasons for the interim and final audits.

There are no issues to report arising from the internal audit itself. However the external auditor has asked for a breakdown of the Earmarked Funds at 31<sup>st</sup> March 2017. This question is standard to all parish and town councils this year. The council needs to give some consideration to this question. I have also had some discussions regarding a revised budgeting and budget monitoring system in order to make it more simple and understandable. I would stress that neither of these issues form part of the pure internal audit role.

I have carried out all the tests which have been suggested by the Audit Commission and have completed section 4 of the Annual Return. There are 11 control objectives laid down in Section 4 of the Audit Commission's Annual Return. The internal auditor has to give an opinion as to whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the council.

Although it is for the Council to decide upon the level of internal audit needed based on its own judgement and the controls in place, you may wish to consider a similar style audit for the year 2017/2018. This is based on one visit towards the end of the financial year to deal with the current transactions and procedures, and a review of the Annual Accounts and year end transactions when they have been finalised.

**General Comment**

Section 1 of the Annual Return is the Annual Governance Statement which the council as a whole is responsible for completing. The external auditor can ask for additional documentary evidence to verify that any or all of the assertions made on the statement can be substantiated. I would therefore recommend all members of the council to familiarise themselves with the requirements of section 1 of the Annual Return.

This section is often completed after the internal auditor has completed his/her part and therefore has no way of knowing whether this section has been completed in an accurate manner. Nor does it form part of the role of the internal auditor to verify its accuracy.

Ian Fraser CPFA  
23<sup>rd</sup> May 2017