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To: Ide Parish Council

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Internal Audit Report 2017/2018 for Ide Parish Council

All Councils are required to implement an annual independent Internal Audit examination of its Accounts and accounting processes. The aim of the Internal Audit is to conclude as to whether a Councils systems of financial and other internal controls are adequate and effective. Testing has been carried out using a sampling system as deemed appropriate for the size of the Council.

This report details the results of the May 2018 Internal Audit for Ide Parish Council which has been carried out in accordance with the requirements as detailed within the Governance and Accountability Practitioners Guide. The report also provides recommendations for the improvement of internal processes and a general summary for Council consideration.

Book Keeping

- I have tested that the Council has checked internal systems regularly and no issues have been identified within this area.
- The Councils Financial Regulations and Standing Orders appear to be held within a combined document and I recommend that these are separated as would be expected. I have e-mailed the Clerk the latest NALC Standing Orders template which may be of help.
- A Code of Conduct is held and is in order.
- The Transparency Code applies, as the Councils annual turnover is under £25,000, and a website is in place. The Clerk has confirmed understanding as to what items need to be uploaded onto the website.
- A Certificate of Exemption is an option for the Council this year due to the new annual audit rules. The Clerk has confirmed understanding in this regard.
- The new General Data Protection Requirements have been reviewed by the Clerk and the Council and steps have been taken to ensure compliance with the new rules.
- It would appear that an Extraordinary Meeting took place in April 2018 with the Agenda being owned by the Clerk. I recommend that the requirements in this respect are reviewed as it is usually the Chairman, or two Councillors, who call such a meeting and, therefore, own and sign the Agenda.

Payment Control

- Payment controls have been reviewed regularly and I have found no issues within this area.
- Purchases have been reviewed monthly and have been correctly documented within meeting Minutes and the Accounts. Invoices are currently reviewed and signed by one authorised signatory and I recommend that this is increased to two especially where Internet Banking is involved.
- Section 137 purchases have not always been correctly identified although, after discussion, the Clerk has demonstrated understanding of when this 'power of last resort' should now be used. Purchasing a poppy wreath would be an example of S137 spending. A separate column within the Accounts needs to be evidenced for such spending.
- VAT has been re-claimed in March 2018 and the documentation is in order.

- Other Income, such as from Allotments and the Cemetery, has been correctly recorded.
- The Accounts are easy to understand and the 'receipts and payments' method has been correctly used.
- No petty cash is held and no borrowing is in place - no checks required.

Risk Management and Budget Control

- The Risk Management Scheme / Risk Assessment could not be found. I recommend that a document is created, if not located, as a matter of priority.
- The General Insurance Policy has been recently renewed and is in order.
- A budget has been produced from which the Precept has been set. The January 2018 meeting Minutes document the Precept as a % rise but no actual amount in £ has been shown and I recommend that this is considered, going forward, for transparency and clarity.
- Reserves appear to be adequate for the size of the Council.
- There is no Anti-Fraud and Corruption Policy or Training Policy in place and I recommend that these are considered. A Grant Funding Policy and Complaints Policy is held.
- No Statement of Internal Control is in place and I have e-mailed a copy of this which may be of use. I recommend that such a document is considered.
- IT backup is completed by external hard drive and I recommend that this is kept off-site for security.
- Agendas and Minutes are easy to read and to understand.
- The Council is not currently registered with the Information Commissioners Office, as is required, and I recommend that this is completed, through the ICO website for £35 per year, as a matter of priority.
- The Council has one Committee in place which has up to date Terms of Reference documented.

Payroll

- Payroll is outsourced and documents, such as the current Clerks P60, are pending. The Accounts record monthly salaries and PAYE payments as would be expected. I note that the HMRC 'working from home' allowance is not currently being claimed by the Clerk and suggest that this is considered.
- The Council is registered with the Pensions Regulator and the new Clerk has 'opted out'.
- The Clerk is correctly employed and a Contract of Employment is in place.

Asset Control

- The Council's Asset Register has been reviewed and I recommend that that location and acquisition date of each item is added as is required. The Insurance policy covers the recorded Assets.

Bank Reconciliations

- Monthly Bank reconciliations have been produced by the Clerk and reviewed and signed by the Council evidencing good practice.

Year End

- The Accounts up to 31st March 2018 are being finalised and the Annual Return (AGAR) paperwork is being completed. The Clerk has confirmed understanding of the Audit process and requirements.
- I have signed off the AGAR Internal Audit Report on my visit today.

Summary

I can report that, within the areas checked as abovementioned, it is my opinion that Ide Parish Council has effective systems of internal control in place which, as a result, supports the lowering of risk to the Council. I would, however, request that the recommendations noted within this report be considered by the Council, at its earliest convenience, as they have been provided to support future risk and internal control management.