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To: Ide Parish Council

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Internal Audit Report 2018/2019 for Ide Parish Council

All Councils are required to implement an annual independent Internal Audit examination of its accounts, accounting processes and internal controls. 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 April 2019 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.

It is very pleasing to see that the Council has implemented my recommendations from last year's audit.

Standard Documentation

- The Council has tested internal control systems regularly and I have found no issues within this area.
- The Financial Regulations were adopted in November 2018 and are in order.
- The Standing Orders were adopted in July 2018 and are in order.
- A Code of Conduct is in place and is in order.
- The Transparency Code applies, due to the turnover being less than £25,000., and a Website is in place and holds all the required documentation except for the Asset Register. I recommend that this document is uploaded, as soon as reviewed, if not already in place. I must note that finding documents on the Website is quite time consuming as they all appear on one long list instead of being placed under individual tabs headed, for example, Minutes, Agenda, Meeting Documents and Policies. I recommend that consideration is given to amending the Website set up to make it easier for the public to locate documentation.

Public Funds

- Payment controls are in place and it was evidenced that the Council oversees all payments.
- Purchase and payment documentation cross checked to the Accounts was in order.
- VAT requirements have been adhered to.
- Petty Cash - not held.
- The Accounts are kept up to date and are attended to regularly. They are easy to understand and contain all the required information including a separate column for Section 137 spending.
- It was noted that a Grant Funding Policy is in place. Section 137 funding has been used appropriately and the Clerk was aware of the spending limit calculations in this regard.
- Borrowing – none.
- 'Other' income, such as from the Allotments and a Cemetery, has been accounted for correctly.

- The Accounts record the Income and Expenditure method but the Receipt and Payment method should be used with an annual turnover of below £200,000. I recommend that a manual amendment is made to the records for this new tax year.
- The Council does not oversee any Trust Funds and so has no responsibilities as a Trustee.

Risk Management and Budget Control

- There is no Risk Management Scheme in place and, as this is a requirement, I recommend that one is considered. An example has been e-mailed to the Clerk.
- The current general Insurance policy has been reviewed and is in order.
- The latest annual budget document is of a good standard and has been used to set the annual Precept by Full Council as is required. I note that the meeting Minutes of January 2019 do not refer to the budget document, as would be expected, but reference is made to the Precept being set at '2% above last year'. It is disappointing to see that the amount of the Precept in pounds (£) has not been noted, as I recommended last year as this helps the public understand how much Precept has been claimed and provides transparency regarding public funds. I recommend that this matter is addressed when next recording the Precept.
- General Reserves appear to be a little low as it is usual to see between 3 and 12 months outgoings covered by general reserves. I recommend that this area is reviewed prior to the setting of the next Precept. Earmarked reserves, for specific projects, have been recorded correctly.
- Data Protection, Complaints, Anti-Fraud and Corruption matters are all now covered by Policies.
- There does not appear to be a Freedom of Information Schedule/Scheme in place and I recommend that this requirement is considered in the short term. Details can be found on the ICO Website.
- A Statement of Internal Control is in place and is reviewed annually.
- IT backup is completed by way of rotating USB sticks and is in order.
- Meeting Agendas are of a good standard and Councillors are correctly 'summonsed' to full meetings.
- Meeting Minutes are of a good standard, clear and easy to read, with decisions recorded appropriately.
- Elections will take place on May 2nd 2019 and preparations are well underway in this regard.
- Annual membership of the Information Commissioners Office (ICO) was confirmed.
- A Planning Committee is in place, which appears to be in order, along with a Terms of Reference document.

Employment

- The Clerk is the only employee and a Contract of Employment is in place. I recommend that timesheets are kept by the Clerk in order that overtime can be claimed and so that the correct number of working hours required for the role can be accurately calculated and implemented.
- PAYE is outsourced and payslips indicate that the documents are in order. A pension does not apply.
- Staff appraisals and pay reviews take place annually as is expected.

Asset Control

- The Councils Asset and Investment Register has been recently reviewed and is in order.

Banking and Bank Reconciliations

- Meetings are held bi-monthly and bank reconciliations are produced and circulated to Council ahead of meetings and agreed and signed at the meetings. This process evidenced good practice.
- All cheque book stubs reviewed had been correctly initialled by two Councillors.
- Authorised signature numbers are due for review in May, following the Elections, and appeared to be in order at this time.
- The on-line banking control process appears to be in good order.

Year End

- The completed 2017/2018 Audit Return included a Certificate of Exemption and no issues have resulted from the paperwork submitted to the External Auditor.
- The year-end Accounts, to 31/03/2019, are being prepared and the Clerk has confirmed full understanding of the Audit process and requirements.
- I have signed off the AGAR Annual Internal Audit Report indicating no matters of concern.

Summary

I am pleased to be able to report that, within the areas checked, it is my opinion that Ide Parish Council has robust and effective systems of internal control in place which, as a result, supports the lowering of risk to the Council. I would request that the Council considers the very few recommendations noted within this report which have been provided to support future risk and internal control management.