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To: Ide Parish Council

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Internal Audit Report 2021/2022 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 this is to ascertain whether the systems of financial and other internal controls, over its activities and operating procedures, are effective. A sample system has been used, as felt appropriate for the size of the Council, to test these processes.

This report details the results of the audit which has been carried out in accordance with the requirements of the Governance and Accountability Practitioners Guide. The report contains recommendations for Council consideration.

Standard Documentation

- Internal control systems – in place and tested by the Council regularly.
- Financial Regulations, Standing Orders, Code of Conduct – in place.
- Website Accessibility Statement, Privacy Statement – in place.
- Email addresses – it is now a requirement that the Council and Councillors' have bespoke email addresses ideally ending in .gov.uk or similar, reasons for this include cyber security and public confidence. I note that gmail.com is currently being used and I recommend that consideration is given to changing this.
- Royal Mourning Period (Sept 2021) – observed.
- Borrowing – a new PWLB has been taken out and accounted for within the accounts and the first repayment has been evidenced. The AGAR figure matches with the current loan balance.

Public Funds

- Payment controls – in place and payments are regularly checked by the Council.
- Purchase / payment documentation – items crossed checked to the accounts highlighted no issues.
- VAT – substantial claims have been made during the past year which all appear to be in order. I recommend that all invoices are addressed to the Council going forward, as would be expected, to enable VAT to be claimed on as many purchases as possible.
- Accounts – the SCRIBE system is easy to understand and should be saving on the Clerk's time. The documents viewed appeared to be in order.
- Section 137 payments – the Council has purchased alcohol and as it has no 'power' under which to purchase food and drink I would consider that such payments should be listed under Section 137. I recommend that this matter is looked into and that the accounts are amended as appropriate.
- 'Other' income - grant funding, donations, burials and the allotments has been documented.

Risk Management and Budget Control

- Risk Management Scheme – in place and recently reviewed.
- Statement of Internal Control – in place and recently reviewed.
- Annual Insurance policy – in place. I recommend that cyber security cover is looked into if not already included within the current cover.

- Budget – a document has been produced from which the annual precept has been set. The Precept has been minuted appropriately. The budget has been regularly reviewed.
- Reserve funds – a listing is in place stating that reserved funds are at £70,334 as at 31/03/2023 whilst the carried forward bank balances, as at the same date, equal £43,256. I recommend that this matter is investigated as both figures would be expected to match.
- Meeting agendas – in order.
- Meeting minutes – in order and decisions have been recorded appropriately. NOTE: the first agenda item at the Annual Meeting of the Council in May must be the election of a Chairman.
- Information Commissioners Office (ICO) – annual membership has been confirmed.
- General Data Protection Policy, Freedom of Information Policy, Complaints Policy – all in place.
- Working Groups and Committees – in place with relevant Terms of Reference documents.
- Play equipment checks – the required annual check appears to have taken place.

Employment

- Contract of Employment – in place for the Clerk who is the only employee.
- PAYE/pay roll – outsourced and the documents viewed appear to be in order with relevant deductions in salary made. There is no pension. I recommend that the Council checks that the Pensions Regulator documentation is up to date.
- Salary increases and overtime – salary increases have taken place and any overtime has been agreed. All has been minuted appropriately.
- Ad-hoc Employment of Councillors – conflicts of interest and public perception should be taken into account prior to engaging this practice. The matter has been investigated appropriately.

Asset Control

- Asset Register – in place and recently updated. No land purchase related legal documentation has been checked during this audit.

Banking and Bank Reconciliations

- Bank reconciliations – produced regularly and checked by the Council.
- Authorised signature numbers – due for renewal once the new Council is in place in May and the recommendation to have at least four authorised signatories in place (excluding the Clerk) per bank account should be considered.
- Internet Banking – used and all transactions are checked by the Council for accuracy.

Year End

- Year-end 31/03/2022 – the completion of the year on year variances document was questioned by the External Auditor. The Clerk has confirmed understanding of requirements and that the External Auditors official form should be used.
- Public Rights 2022 – the correct process has been used and the form has been published.
- Year-end 31/03/2023 – the documentation is currently being prepared by the Clerk who has confirmed understanding of requirements. The year-end bank reconciliation has been checked and agreed. I have been able to sign off the AGAR internal audit form showing no areas of concern.

Summary

I conclude that Ide Parish Council has robust systems of internal control in place to support the lowering of risk. Proper practices appear to have been applied and the documentation viewed was in good order. The recommendations made within this report will, if actioned, further support the lowering of risk to the Council moving forward.

Alison Marshall April 2023