

# Alison Marshall - Local Council Administration Services

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To: Bickleigh Parish Council

Date: 6th May 2023

## **Internal Audit Report for the year ending 31<sup>st</sup> March 2023**

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. This report contains several recommendations for Council consideration which have been marked in bold print.

### **Standard Documentation/Information**

- Internal control systems – in place and regularly tested by the Council.
- Financial Regulations, Standing Orders, Code of Conduct – in place.
- Website, Website Accessibility Statement – in place.
- Royal mourning period (Sept 2022) – not observed. It is recommended that future royal mourning periods are observed, especially with regards to the issuing of agendas.

### **Public Funds**

- Payment controls – in place and the Council agrees and checks all payments.
- Purchase and payment documentation – items viewed raised no concerns. .
- Section 137 – used as the Power of Competence is not in place. There are no payments listed under the power of S137 but a Wreath has been purchased and as there is no power under which to purchase such an item, S137 must be used. I recommend that the accounts are amended.
- VAT - requirements appear to have been adhered to.
- Borrowing – a loan is in place and repayments have been recorded.
- Quotes/estimates – Standing Orders appear to suggest that 3 quotes/estimates should be obtained but only 2 were obtained for the new website and kitchen. I recommend that the requirements are revisited for clarification.
  
- **Risk Management and Budget Control**
- Risk Management Assessment, Statement of Internal Control – in place.
- General Insurance policy – in place. It is now recommended that cyber security is covered.
- Budget – a document has been produced from which the annual precept has been set. The Precept has been minuted appropriately. Regular reviews against budget have taken place.
- Reserve funds – a listing of reserved funds is in place but the carried forward balance on the AGAR as at 31/03/2023 shows a substantially higher figure. I recommend that the figures are reviewed to ensure that the Council is not holding surplus funds with no purpose attached.
- Meeting agendas – ‘income and expenditure’ should be changed to ‘receipts and payments’ going forward. The January 2023 agenda was issued without the required 3 clear days’ notice being given and I recommend that agendas are issued in plenty of time going forward.
- Meeting minutes – the 2023 minutes state ‘income and expenditure’ which should read ‘receipts and payments’ going forward. It is recommended that ‘matters arising’ is no longer used.

- Information Commissioners Office (ICO) – annual membership has been confirmed.
- General Data Protection Policy/Privacy Policy/Publication Scheme/Freedom of Information Scheme/Complaints Policy – all in place.
- Committees – in place with relevant Terms of Reference documents.
- Leases/Legal documents – not checked during this audit.
- CCTV – the minutes indicate that CCTV is in place but there is no accompanying Policy. I recommend that this matter is reviewed.

### **Employment**

- Contract of Employment – the current Clerk has confirmed that there is a Contract in place.
- PAYE/payroll – recently outsourced which will spread the risk to the Council and support the Clerk in not having to allocate her own salary. Tax and National Insurance is relevant and has been deducted – the Council should check the deductions are accurate. A fine has been paid to HMRC due to overdue payments and as this is not good use of public funds I recommend that the Council checks future submissions.
- Pension – the new Clerk has opted out of joining a pension scheme. Pensions Regulator information will need to be updated with the new Clerks details if not already done.
- Salary reviews – pay increases and back-pay have been agreed and minuted. .
- Appointment of the new Clerk – the appointment and salary of the new Clerk has been minuted but not the contracted hours. As this would be expected, for transparency, I recommend that this is rectified at the next full Council meeting.
- Locum Clerk – the minutes do not appear to record the resignation of the previous Clerk or why the Locum Clerk was contracted. For transparency, I recommend that this is rectified at the next full Council meeting. Payments covering the Locum Clerk should be checked for relevant PAYE deductions.

### **Asset Control**

- Asset Register – in place and recently updated. I recommend that the Council checks the document for accuracy.

### **Banking and Bank Reconciliations**

- Bank reconciliations – produced monthly and checked by the Council.
- Authorised signatories – currently at 4 which is appropriate.
- Internet Banking – used and the process appears to work well with payments checked by the Council regularly for accuracy.

### **Year End**

- Year End 31/03/2022 - the External Auditor's end of audit Certificate does not appear on the website, nor does the AGAR Internal Auditors Report. As both should appear on the website I recommend that this is rectified as soon as possible. I also recommend that the Council double checks the AGAR requirements every year, prior to sign off, for accuracy. Any notes from the External Auditor should be followed through by the Council.
- Public Rights 2022 – the correct process has been used and the form has been published.
- Year End 31/03/2023 – the Clerk is currently dealing with the documentation which should be checked by the Council for accuracy prior to sign off. I have not been able to agree the year end bank reconciliation and recommend that the Council does this prior to sign off of the AGAR documentation. It should be ensured that transfers between bank accounts are not included in the overall AGAR figures.

## **Summary**

Bickleigh Parish Council has some good systems of internal control in place which it has used regularly to aid the lowering of risk to the Council. Several recommendations have been made within this report which, if actioned, will help further towards the lowering of risk and the tightening of processes.

Alison Marshall May 2023.