

# Alison Marshall - Local Council Administration Services

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To: Bickleigh Parish Council

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## **Internal Audit Report 2021/2022 for Bickleigh 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. This report contains several recommendations for Council consideration which have been marked in bold print.

### **Standard Documentation**

- The Council has tested internal control systems regularly.
- Financial Regulations, Standing Orders and Code of Conduct documents are in place.
- The website is easy to navigate and holds relevant information. I have not, however, been able to evidence that the required Website Accessibility Review has taken place as there is no Website Accessibility Statement on the website. **I recommend that the requirement for a Website Accessibility Review and Website Accessibility Statement is addressed.**
- Membership - the Council currently has a vacancy which is due to be filled at the May meeting.
- Trust – not applicable. Petty cash - not used. General Power of Competence – not held.

### **Public Funds**

- Payment controls are in place and the Council oversees all payments on a regular basis.
- Purchase and payment documentation cross checked to the accounts was found to be in order. I have queried several debit entries on the accounts and bank statements which have been confirmed as error 'duplicate' entries, now corrected. The accounts list 2 payments made during March 2021 which should possibly have been included in the previous year's accounts. **I recommend that payments are entered into the accounts on the date the payment is made, and that checks are carried out to ensure that payments are entered under the correct financial year.**
- Section 137 payments have been accounted for (under code 4210 on the accounts).
- VAT requirements have been adhered to although the latest VAT re-claim, which has been submitted to HMRC, says 'draft' across it but there is no explanation for this. **I recommend that future VAT re-claim documentation is checked to ensure this error does not reoccur.**
- Borrowing - regular payments have been evidenced, cross checked to the AGAR documentation and appear to be in order. The outstanding debt statement has not been checked.
- An annual support grant to the Woolwell Centre has been made which appears to be appropriate.
- Quotes for the new flooring in the Woolwell Centre could not be produced upon request. **I recommend that the Clerk holds all relevant quotes relating to Council payments going forward.**

## Risk Management and Budget Control

- A Risk Management Assessment was adopted in May 2020, and is due its annual review.
- A Statement of Internal Control is in place, dated May 2020, and is due its annual review.
- The annual general Insurance policy appears to be in order and expires in June 2024 due to a 3 year arrangement. The policy schedule should still be reviewed annually.
- A budget document has been produced and used to set the annual Precept which has been minuted appropriately. Regular reviews against budget have taken place.
- Reserve funds have been listed at £27,300 but the carried forward bank account figure on the AGAR as at 31/03/2022 suggests a sum of £74,160 in reserves. **I recommend that the reserved funds and needs are reviewed for accuracy.**
- Meeting agendas since January 2022 are in order, are available to view on the website, have complied with the requirement to summons Councillors and the relevant 3 clear days' notice period. Agendas prior to 2022 are not on the website and when viewed did not comply with the required notice period. The new Clerk has rectified the position.
- **Meeting minutes are generally in order and decisions have been well recorded. The minutes for 2022 have no 'year' documented and I recommend that this is corrected. The minutes of May 2021 do not appear to be that of the required May Annual Council Meeting as this meeting took place in April. I recommend that the Annual Council Meeting takes place in May going forward. The January 2022 minutes resolve to accept the minutes of 25<sup>th</sup> November 2021, this is an error and I recommend that the draft minutes are thoroughly checked prior to sign off. The minutes do not record the Councillor absence reasons, or resolve to accept, them and I recommend that this is addressed. In 2021 the Clerk's monthly salary was not noted on the minutes as a payment, as would be usual being a payment from public funds, and this appears to have been corrected in 2022. The January 2022 minutes indicate that a resolution to purchase solar lights was made during 'matters arising' with the item not first being listed on the agenda. I recommend that 'matters arising' is no longer used as it encourages unlawful decision making such as this. The payment should be ratified at the next full Council meeting.**
- Annual membership of the Information Commissioners Office (ICO) has been confirmed.
- A General Data Protection Policy/Privacy Policy appears to be in place but the website link does not work. **I recommend that the website link to the GDPR Policy is reviewed and that the policy is checked for accuracy.**
- A Publication/Freedom of Information Scheme is in place, along with a Complaints Policy.
- There are Committees in place along with relevant Terms of Reference documents.
- Leases – I understand that a review is currently taking place with regards to the Council's Lease with the Woolwell Centre and so I have not reviewed this area during this audit.

## Employment

- The Clerk is the only employee and a Contract of Employment is in place (not viewed).
- PAYE/payroll is outsourced and I understand that previous issues raised are being addressed. **There appears to be an unallocated credit showing on the HMRC records and I recommend that this is looked into and, if appropriate, re-claimed.**
- The previous Clerk had a pension in place and both employer and employee contributions have been evidenced. **The new Clerks has a pension but only employer contributions have been evidenced to date. I understand that this is under review and I recommend that it is followed up.**
- Salary reviews – pay increases and back-pay due have been documented appropriately.
- **Appointment of the new Clerk – whilst this has been 'noted' in the minutes I cannot see that the appointment of the new Clerk has been resolved by full Council, as is required. It would also be expected to see the details of the contracted hours and the pay scale minuted. I recommend that this is addressed in the next meeting of the full Council.**

### Asset Control

- The Asset Register has recently been updated, and is in good order, but I have been unable to tie up the total of last year's document to that of this year's document. I understand that the figures are under review and I recommend that the issue is resolved prior to Audit sign off by the Council and the submission to the External Auditor this year.

### Banking and Bank Reconciliations

- Bank reconciliations have been produced monthly and circulated to Council.
- Authorised signatories currently stand at 5, which is appropriate.
- Internet Banking is used and I recommend that the Council ensures that on-line payments are checked for accuracy regularly and that this is evidenced by 2 signatories signing off the payment document/bank statements/invoices as felt appropriate.
- Bank charges/fees have been evidenced, which is unusual for a Council bank account in credit, and I **recommend that the bank charges are investigated.**

### Year End

- Year End 31/03/2021 - the External Auditor has highlighted issues with the Asset Register, HMRC payments and Public Rights document which the Council should review prior to sign off and submission of this year's audit documentation. **Further issues to consider are that the AGAR Sections 1 and 2 have the same minute reference which is incorrect, the AGAR Internal Auditors Report page is blank on the website document and no 'conclusion of audit' has been uploaded to the website. I recommend that attention is given to the checking of all audit documents, and audit requirements, going forward so as to avoid any repeated issues.**
- Public Rights 2021 – the incorrect form has been used but the dates are in order and have been published. **I recommend that the correct template is used for the exercise of public rights process going forward.**
- Year End 31/03/2022 – the Clerk is currently dealing with the documentation and has confirmed understanding of requirements. It has been confirmed that transfers between bank accounts do not form part of the overall final AGAR figures.

### Summary

It is my opinion that proper practices have been followed and that the Council has some good systems of internal control in place so as to support the lowering of risk. I have made several recommendations within this report which, if actioned, will support the lowering of risk to the Council further. It is pleasing to see an improvement in general documents and processes since the new Clerk has been in place.

Alison Marshall May 2022.