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To: Diptford Parish Council

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Internal Audit Report 2019/2020 for Diptford 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 2020 Internal Audit 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.

Standard Documentation

- The Council has tested internal control systems regularly.
- Financial Regulations – reviewed in 2020 and in order.
- Standing Orders – reviewed in 2020 and in order.
- A Code of Conduct – reviewed in 2020 and in order.
- The Transparency Code applies, due to the Councils annual turnover being below £25,000., and a Website – in place and in order with all relevant Transparency Code requirements evident.
- There is an Amenity Trust in place and the documentation for this appears to be in order.
- Petty cash – not used.
- Council borrowing – none.

Public Funds

- Payment controls are in place and the Council oversees all payments monthly.
- Purchase and payment documentation cross checked to the Accounts was found to be in order.
- VAT requirements have been adhered to.
- Accounts – in order and I have found no issues within this area.
- Section 137 spending – a separate column within the accounts is evident, as is required, although there has been no S137 spending during the past tax year.
- Clerk's expenses – it was noted that the Clerk is claiming mileage. It is usual for mileage to be separated from 'general expenses' within the Accounts to make the completion of the AGAR form, Section 2, easier. I am not sure where mileage is included within the AGAR, currently, but I will leave this matter with the Clerk and Council to review if felt appropriate.
- The Receipts and Payments method has been used correctly within the Accounts.

Risk Management and Budget Control

- Risk Management Schedule – reviewed in 2020 and in order.
- The general Insurance policy is in order.

- The latest budget document is in order and has been used to set the annual Precept, by Full Council, with the outcome documented appropriately within the Minutes.
- Reserves appear to be in order and a list of reserved funding has been evidenced.
- IT and Website backup is overseen by the Clerk and no issues have been identified.
- Meeting Agendas – in order with Councillors correctly ‘summoned’ to meetings and the statutory three clear days’ notice having been adhered to.
- Meeting Minutes – in order, easy to read and follow with decisions recorded appropriately.
- Annual membership of the Information Commissioners Office (ICO) has been confirmed.
- The 2018 General Data Protection Regulations update has resulted in a Privacy Policy being put in place along with a Privacy Notice as is required.
- Publication Scheme – in place and in order.
- Complaints Policy – in place and in order.
- Several other policies have been put in place during the past year which evidences good practice.

Employment

- The Clerk is the only employee and there is a Contract of Employment in place.
- PAYE is dealt with by the Clerk and pay-slips are produced. Deductions to HMRC have been evidenced and Pension Regulator paperwork is in order.
- Staff appraisals – a pay increase has been received by the Clerk and has been documented accordingly.

Asset Control

- The Councils Asset Register has been reviewed in 2020 and appears to be in order.

Banking and Bank Reconciliations

- Bank reconciliations – produced regularly and a structured pro-forma is now being used which evidences good practice.
- The current number of authorised signatories and the checking of cheque book stubs for two initials, has not been checked this year.
- Internet banking is not used. The existing bank processes appears to be in order.

Year End

- A Certificate of Exemption was completed for the 2018/2019 Audit and, due to the annual turnover, I can confirm that this process was in order.
- Public Rights – in order and published.
- The year-end documents, to 31st March 2020, are being prepared by the Clerk and audit requirements have been confirmed.
- I can confirm that I have been able to sign off the AGAR Internal Audit Report evidencing no issues.

Summary

I can report that, within the areas checked, it is my opinion that Diptford Parish Council has greatly improved on its standard of documentation over the past year and that it now has effective systems of internal control in place. There are no areas highlighted within this report for Council attention, which is rare indeed. I would like to congratulate the Council and Clerk for taking time to address the recommendations noted within last year’s report as this will have helped with general understanding of requirements and also the lowering of any risk to the Council.

Alison Marshall, April 2020

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