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To: Diptford Parish Council

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Internal Audit Report 2020/2021 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 reason for 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 systems.

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. Recommendations for Council consideration have been highlighted in bold print.

Standard Documentation

- The Council has tested internal control systems regularly.
- The Financial Regulations document was adopted in May 2020 and appears to be in order.
- The Standing Orders document, and the Covid 19 addendum, were adopted in May 2020 and appear to be in order.
- A Code of Conduct is in place, adopted in May 2020, and is in order.
- The Transparency Code for smaller authorities is applicable and a website is in place which holds all the required documentation, including the newly required Website Accessibility Statement.
- A Trust is in place and the documentation appears to be in order.
- The Council is currently at full membership.

Public Funds

- Payment controls are in place and the Council oversees all payments regularly.
- Purchase and payment documentation cross checked to the accounts was found to be in order.
- VAT re-claims have been made regularly. **I recommend that, in accordance with requirements, VAT is not re-claimed for receipts that are not addressed to the Council** (example garden centre reimbursements payable to B Sugden).
- Petty Cash – not held. Borrowing - none.
- The accounts are in order and Section 137 payments have been accounted for.
- The accounts correctly record the receipts and payments method.

Risk Management and Budget Control

- A Risk Management Scheme/Policy is in place and is in order.
- A Statement of Internal Control is in place and is in order.
- The Zurich annual general Insurance policy is in order and expires on 31/05/2021.
- Play equipment is checked weekly and inspected annually, as is required.
- The latest annual budget document is of a good standard and regular reviews against budget have taken place. The budget has correctly been used to set the annual Precept, by full Council, as is required. The precept outcome has been minuted appropriately.

- Reserve funds appear to be in order.
- Meeting agendas are in order and Councillors are correctly 'summonsed' to full meetings. The required notice period has been adhered to.
- Meeting minutes are in good order and decisions have been well recorded.
- Annual membership of the Information Commissioners Office (ICO) has been confirmed.
- There are several policies/statements in place, such as for Data Protection, Freedom of Information, Publication, Privacy, Complaints, Equality & Diversity, Health & Safety and Grievance, which evidences very good practice.
- There are no Committees in place currently.

Employment

- The Clerk is the only employee and a Contract of Employment has been evidenced.
- PAYE is dealt with by the Clerk and the documentation viewed appears to be in order.
- Staff appraisals and pay reviews take place annually and salary changes have been documented.
- There is no pension in place currently.

Asset Control

- An Asset and Investment Register is in place, dated 31/03/2020, which appears to be in order and which is now **due for updating**.

Banking and Bank Reconciliations

- Bank reconciliations have been produced regularly and presented to Council.
- Internet Banking is used. **I recommend that a process is adopted to ensure that the required authorised signatories can be evidenced when confirming that payments have been made accurately by the Clerk. The signing of the relevant bank statements or the signing of a standalone document detailing the payments might be considered appropriate.**

Year End

- Year end 31/03/2020 – the Certificate of Exemption option has been correctly used. **The AGAR figures have not been correctly recorded, due to transfers to and from bank accounts being included in error, and this has been brought to the Clerk's attention. I recommend that the Council supports the Clerk with the amendments and that this year's AGAR figures are thoroughly checked prior to the documentation being signed off as complete.**
- Year end 31/03/2021 - The documents are currently being completed by the Clerk who has confirmed full understanding of the requirements.
- Public Rights – the document has been completed correctly and has recently been uploaded onto the website. **I recommend that the document is uploaded to the website in a timely manner, and in accordance with the rules, going forward.**

Summary

It is my opinion that the Council has some very good systems of internal control in place so as to support the lowering of risk. I have, however, highlighted some areas for Council consideration within this report to support the effectiveness of risk management further. It is pleasing to see that the Clerk has recently passed the CiLCA qualification which will benefit the Council going forward.

Alison Marshall April 2021

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