

# Alison Marshall - Local Council Administration Services

Dinneford House, Dinneford Street, Thorverton, Devon EX5 5NU

t. 07801 575521 / 01392 861228 e. [alisonmarshall.lcas@gmail.com](mailto:alisonmarshall.lcas@gmail.com)

To: Buckland Brewer Parish Council

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## Internal Audit Report 2017/2018 for Buckland Brewer Parish Council

All Councils are required to implement an annual independent Internal Audit examination of its Accounts and accounting processes. 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 May 2018 Internal Audit for Buckland Brewer Parish Council 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.

## Book Keeping

I have tested that the Council has checked internal systems regularly and have found no issues within this area.

- The Councils Financial Regulations document was adopted in 2017 and appears to be in order.
- The Councils Standing Orders document was reviewed in 2017 and appears to be in order.
- A Code of Conduct was adopted in 2017 and is in order.
- The Transparency Code does not apply to Buckland Brewer Parish Council, due to its turnover being above £25,000, but it is good to see, however, that the Council is complying with the Codes requirements.
- It is pleasing to see that the Clerk is studying for the CiLCA qualification and that the Council is supporting with this. There is currently no Training Policy in place I recommend that one is considered
- It was noted that the Council is currently enjoying full Membership numbers.

## Payment Control

- Payment controls have been reviewed monthly and I have found no issues within this area.
- VAT was last re-claimed on 31<sup>st</sup> March 2018 and the documentation for this is in order.
- No petty cash is held - no checks required.
- No borrowing is in place – no checks required.
- Section 137 funding has been correctly identified and although there is no separate column within the Accounts, as would be expected, but the relevant payments have been noted sufficiently.
- The Accounts have been kept up to date and are easy to understand. Purchases have been correctly documented and the Receipts and Payments method has correctly been used.
- Grant Funding takes place and is budgeted for and I recommend that a Grant Funding Policy is set up to provide structure and transparency for the public and Council alike.
- The separate bank account for the SSSI site appears to be in order.

## Risk Management and Budget Control

- I have reviewed the Councils Risk Management Scheme, last reviewed in 2016, which is in order.

I recommend that this document is reviewed annually.

- The Council's current general Insurance Policy, with Community First, is due to expire on 31<sup>st</sup> May and has been reviewed. The Policy appears to be adequate for the Council's needs.
- A budget document has been used to set the annual Precept and the Minutes have been noted.
- Reserves appear to be adequate for the size of the Council taking into account the amount of 'earmarked' (not ring-fenced) funding that could be called upon if required. I recommend that between 3 and 12 months average monthly outgoings is kept as 'general' reserves going forward.
- There is no Anti-Fraud and Corruption Policy in place and I recommend that one be considered.
- A Statement of Internal Control, dated 31/03/2018, is due to be approved by Council next week.
- IT backup is completed by USB stick which is kept locked in a fire proof cabinet.
- Agendas are non-specific and I recommend that attention is given to making sure that members of the public are made fully aware of items of business to be transacted at meetings. This can be done by way of a full Agenda which includes, for example, a payment schedule and an overview of what the Council is expected to do on each item such as 'to consider the grant funding request from the WI for £400.00' or 'to approve the Statement of Internal Control'.
- Minutes are of a good standard, are well set out, and are easy to read.
- The Council is correctly registered with the Information Commissioners Office for Data Protection and the Clerk has demonstrated a good understanding of the new GDPR requirements.
- The two Committees have 'Terms of Reference' in place with no delegated authority.
- It was noted that several Policies are to be considered by Council at its May meeting including a Complaints Policy and a Freedom of Information Policy which I recommend are put in place as soon as possible.

#### Payroll

- Payroll is dealt with by the Clerk and I recommend that ongoing issues with HMRC are sorted out as a matter of priority, with Council support, and that the Council oversees this to a satisfactory conclusion as it remains responsible for this area. The Accounts evidence payment of PAYE and the Clerk has confirmed that the Pensions Regulator requirements have been met. I was unable to evidence a P60 for the end of the tax year.
- The Clerk is correctly employed and a Contract of Employment is in place.
- Staff appraisals and pay reviews take place annually as would be expected.

#### Asset Control

- The Council's Asset and Investment Register is up to date and I recommend that a nominal amount of £1 be input for Assets where the purchase/acquisition price is unknown/historic. Also I recommend that the names of residents be removed from this public document for Data Protection reasons.

#### Bank and Bank Reconciliations

- Monthly Bank reconciliations have been produced by the Clerk and agreed by the Council.
- I have reviewed the current Bank cheque book and have evidenced that the stubs have not been initialled by two authorised signatories as is required. I recommend that this matter be addressed and that processes are reviewed going forward.
- On-line Banking is not used to process transactions – no checks required.
- Authorised signatories are at a sufficient number.

#### Year End

- The Accounts to 31/03/2018 are being finalised and the new AGAR Annual Return is being addressed. The Clerk has demonstrated a good understanding of the new process and requirements.
- I have been able to sign off the Internal Audit Report indicating no matters of concern.

### Summary

I am pleased to be able to advise that, within the areas checked as abovementioned, it is my opinion that Buckland Brewer Parish Council has effective systems of control in place which, as a result, supports the lowering of risk to the Council. I would, however, request that the few recommendations noted in bold type within this report be considered by the Council, at its earliest convenience, as they have been provided to support future risk and internal control management.

Alison Marshall