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To: Malborough Parish Council

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Internal Audit Report 2018/2019 for Malborough 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 May 2019 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.
- The Financial Regulations document was adopted in 2014 and is due to be reviewed this month. I recommend that the date is noted on the document once the review has taken place.
- The Standing Orders document was adopted in 2014 and is due to a review this month. I recommend that the date is noted on the document once the review has taken place. The Council may wish to consider the new model template Standing Orders documents produced by the National Association of Local Councils in 2018.
- A Code of Conduct is in place and is in order. The Website link to this document does not work and I recommend that this is addressed as soon as possible.
- The Transparency Code does not apply due to the Councils annual turnover being above £25,000. A Website is, however, in place and I recommend that it is reviewed and updated as soon as possible.

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 requirements have been adhered to and two re-claims have been completed within the past year. It would appear that a DALC invoice was missed, when re-claiming VAT, and so I recommend that this invoice is included within the next re-claim and that a double checking system is put in place.
- Petty Cash – not held. Borrowing - none. Trusts - not applicable.
- The Accounts are kept up to date and in order. Section 137 payments are kept separate but it is noted that all grant giving is incorrectly appearing as listed under this 'power of last resort'. Clarification has now been gained by the Clerk and relevant amendments will take place within this year's Accounts.
- The Accounts record the Receipts and Payments method as is required.
- A Grant Giving Policy is in place, together with a budget, which evidences good practice.
- 'Other' income, such as from grant funding, the Cemetery, Allotments and Newsletter has been recorded correctly.
- There is currently no Training Policy in place and as the Clerk is to take the CiLCA qualification I recommend that a policy is considered and that the Council supports the Clerk with study time.

Risk Management and Budget Control

- A new Risk Management Scheme is in place and is in order.
- The annual general Insurance policy is due for renewal at May end and has been reviewed.
- The latest annual budget document is of a good standard and regular reviews have taken place. The budget document has correctly been used to set the annual Precept but the Precept claim has not been clearly recorded within the meeting Minutes. I recommend, as this matter is usually of interest to the public, that future Precept claims are clearly recorded.
- Reserves appear to be a little high for the size of the Council due to there being no listing of 'earmarked' or 'ring-fenced' funding in place. I recommend that this area is reviewed.
- Meeting Agendas are to the point and Councillors are correctly 'summonsed' to full meetings.
- Meeting Minutes are in good order although 'matters arising' is still being used, against the recommendation of the National Association of Local Councils, and I recommend that this is reviewed.
- Annual membership of the Information Commissioners Office (ICO) has been confirmed.
- The 2018 General Data Protection Regulations update has been adhered to and a Privacy Notice and a Publication Scheme are both in place as is required.
- A Complaints Policy is in place evidencing good practice.
- IT backup is by way of the cloud and USB sticks which is appropriate. It is noted that the Clerk does not use a Council owned laptop for Council work making the checking of the backup process important.

Employment

- The Clerk is the only employee and there is a Contract of Employment in place.
- PAYE is dealt with by the Clerk and the documents reviewed appear to be in order with the Accounts evidencing payment of tax to HMRC.
- Staff appraisals and pay reviews take place annually, as is expected, and salary increases have been recorded within the Minutes as is required.

Asset Control

- The Councils Asset and Investment Register has recently been updated and I recommend that £1 is input when the acquisition price is not known.

Banking and Bank Reconciliations

- Monthly Bank reconciliations have been produced and circulated to the Council.
- Authorised signature numbers are due for review following the May elections.
- Internet banking is used and the system for overseeing these payments is in good order.

Year End

- The External Auditors comments on the 2017/2018 Audit Return echo those made by me in my report of last year. It is pleasing to see that the Council has actioned the recommendations made.
- The year-end documents, to 31st March 2019, are being prepared and the Clerk has confirmed full understanding of the Audit requirements.
- Due to my findings I have been able to sign off the AGAR Internal Audit Report indicating no matters of concern.

Summary

I can report that, within the areas checked, it is my opinion that the Parish Council has robust systems of internal control in place so as to support the lowering of risk to the Council. There are a few areas documented within this report which, if actioned, will further support ongoing risk and internal control management.