

Alison Marshall - Local Council Administration Services

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

t. 07801 575521 / 01392 861228 e. alisonmarshall.lcas@gmail.com

To: Malborough Parish Council

Date: 1st May 2020

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

Standard Documentation

- Internal control systems – in place and tested by the Council regularly.
- Financial Regulations – in place, adopted May 2019, in order.
- Standing Orders – in place, last reviewed May 2019, in order.
- Code of Conduct – in place and in order.
- Website – in place and holds relevant information for public view. The Clerk and Chairman both have access which represents good practice.
- Transparency Code – not applicable. Borrowing – none. Petty cash – not used. Trusts – not applicable.
- Council membership – there is currently a vacancy and advertising has been evidenced.

Public Funds

- Payment controls – in place and all payments are overseen by the Council regularly.
- Purchase and payment documentation – items cross checked to the Accounts were in order.
- VAT - requirements adhered to and a re-claim has been evidenced.
- Accounts – up to date and in order.
- Section 137 – a separate listing appears in the accounts, as is required, but the 'power of last resort' has not always been used correctly. For example, a donation to the Citizens Advice Bureau has been listed under Section 137 incorrectly. I recommend that the area of Section 137 is reviewed.
- The Accounts record the Receipts and Payments method as is required.
- 'Other' income, such as from grant funding, the Cemetery, Allotments and Newsletter has been recorded correctly.
- Quotations – the minutes list the number of quotations obtained, evidencing good practice, and it would appear that the Council's regulations have been adhered to in this regard.
- Payments to individuals – a payment of £100 has been made to two parish residents but there is no 'power' in place allowing the Council to do this. A Council has no 'power' to give Council funds to an individual unless the General Power of Competence is in place. This payment is, therefore, unlawful. I strongly recommend that a 'power' is sourced prior to any further spending by the Council to avoid any similar errors going forward.

Risk Management and Budget Control

- Risk Management Schedule - in place and in order.
- Insurance policy – in place and appears to be in order. Renewal 31st May 2020.
- A budget document has been used to set the annual Precept, as is required, and the minutes have been documented appropriately.
- Reserves – a listing is in place and appears to be in order.
- Meeting Agendas – in order. Councillors have correctly been summons to meetings and the three clear days' notice has been evidenced.
- Meeting Minutes – well written and informative. It was noted that a co-option took place in 'closed session' in May 2019 and as this is highly irregular I recommend that consideration is given to co-opting of any future Councillors in 'open session', as would be usual. It was also noted that minutes are still showing in draft format on the website going back some months. As draft minutes are signed off by Council they should be updated on the website. I recommend that the website is updated as soon as the draft minutes have been signed off going forward and that past drafts are also updated.
- Information Commissioners Office (ICO) – annual membership has been confirmed.
- General Data Protection Regulations – the 2018 update appears to have been adhered to. A GDPR Policy is in place together with a Privacy Notice, as is required.
- A Complaints Policy is in place together with a Publication Scheme evidencing good practice.
- IT backup – overseen by the Clerk and appears to be in order.

Employment

- The Clerk is the only employee and there is a Contract of Employment in place.
- PAYE has been dealt with by the Clerk and the documentation appears to be in order. There is no Council pension and re-enrolment with the Pensions Regulator has been confirmed by the Clerk.
- Staff appraisals and pay reviews take place annually, as is expected, and salary increases have been recorded within the Minutes.

Asset Control

- Asset Register – updated April 2020 and in order except that it would be usual to note the place within the parish where each item is kept/situated. I recommend that this addition is considered.

Banking and Bank Reconciliations

- Bank reconciliations – completed monthly and appear to be in order.
- Internet banking – used and the process appears to be in order.
- Authorised signatories – currently stand at 4 which is appropriate.

Year End

- Year-end audit documents for 31/03/2019 – in order apart from the Protected Rights document which had an incorrect issue date as already advised to the Council by the External Auditor. I recommend that the Protected Rights rules are revisited as a matter of priority.
- Year-end documents to 31st March 2020 - being prepared and the Clerk has confirmed full understanding of the Audit requirements.

Summary

I can report that, within the areas checked, it is my opinion that the Parish Council has some 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 require focus and which will help strengthen the Councils risk and internal control management if actioned.

Alison Marshall – April 2020