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To: Malborough Parish Council

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Internal Audit Report 2020/2021 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 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.

Standard Documentation

- The Council has tested internal control systems regularly.
- A Financial Regulations document is in place and in order.
- A Standing Orders document is in place and in order.
- A Covid 19 addendum Standing Orders document has been put in place evidencing good practice.
- A Code of Conduct is in place and is in order.
- The Transparency Code for smaller authorities is **not** applicable.
- A Website Accessibility Review has taken place and a Statement can be found on the website.
- 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 requirements have been adhered to.
- Petty Cash – not held. Borrowing - none. Trusts - not applicable.
- The accounts are easy to read and the receipts and payments method has been used although **the website document is entitled 'receipts and purchases' which should be amended**.
- Section 137 payments have been accounted for although I note that a payment to Citizens Advice has been put under this heading in error – there is a separate ‘power’ for such payments and so I **recommend that the use of Section 137, being the ‘power’ of last resort, is reviewed**.
- ‘Other’ income, such as from the allotments, cemetery, magazine and Section 106, has been accounted for.

Risk Management and Budget Control

- A Risk Management Scheme is in place and is in order.
- A Statement of Internal Control is in place but does not mention on-line banking and so I **recommend that the document is updated accordingly (and annually thereafter)**.
- The annual general Insurance policy appears to be in order.

- A budget document has been created from which the annual precept has been set by full Council, as required. The precept outcome has been minuted appropriately.
- Reserve funds appear to be in order and a listing is in place.
- Full Council Meeting agendas are in order and Councillors are correctly ‘summonsed’ to full meetings. The required 3 days’ notice period has been adhered to.
- Full Council Meeting minutes are in good order and decisions have been well recorded.
- Committee Meeting agenda’s and minutes do not appear on the website and so I have not been able to check these documents. **I recommend that this is addressed.**
- Annual membership of the Information Commissioners Office (ICO) has been confirmed.
- There is a GDPR Privacy Policy in place together with a Publication Scheme / Freedom of Information Scheme and a Complaints Policy which evidences good practice.

Employment

- The Clerk is the only employee and a Contract of Employment is in place.
- PAYE is outsourced to SHDC and the documentation viewed appears to be in order.
- Staff salary increases and overtime have been minuted.
- There is no pension in place.

Asset Control

- An Asset and Investment Register is in place and appears to be in good order.

Banking and Bank Reconciliations

- Bank reconciliations have been produced regularly and shared with the Council.
- Internet Banking is used and the process appears to work well. If not already in place, I recommend that 2 authorised signatories sign the invoices, bank statements or a bespoke payment sheet to evidence that monthly payments have been made accurately.
- Bank signatories – numbers not checked but recommended to be at least 4.

Year End

- Year-end 31/03/2020 - the External Auditors report highlights some issues which the Clerk and Council will need to address prior to the signing of this year’s audit documents.
- Public rights - the process has been completed correctly and the form has been published.
- Year-end 31/03/2021 - the Clerk is in the process of completing this year’s audit documentation and has confirmed understanding of all requirements.

Summary

It is my opinion that proper practices have been followed and that the Council has some robust systems of internal control in place so as to support the lowering of risk. There are just one or two areas for Council review, as highlighted, which will further support the effectiveness of risk management and governance processing if actioned.

Alison Marshall May 2021

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