

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: 2nd June 2018

Internal Audit Report 2017/2018 for Malborough 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 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.

Book Keeping

- I have tested that the Council has checked internal systems regularly and no issues have been identified within this area.
- The Financial Regulations and Standing Orders documents were both adopted by the Council in May 2014 and I recommend that both documents are reviewed/updated this year and that the review dates are noted on the documents.
- A Code of Conduct is in place and appears to be in order.
- The Transparency Code does not apply as the Council has an annual turnover of above £25,000.
- The new General Data Protection Regulations are in the process of being addressed.

Payment Control

- Payment controls have been reviewed monthly and I have found no issues within this area.
- Purchases have been clearly documented within the Accounts.
- VAT is to be re-claimed this month and the new VAT reference has been received.
- Petty cash is not held and there is no borrowing in place – no checks required.
- Section 137 payments have not been correctly identified and there is no separate column for S137 data within the Accounts. I recommend that this matter is addressed as soon as possible. The Clerk has confirmed understanding of this requirement. An example of S137 spending, being 'the power of last resort' is the purchase of a Wreath.
- The 'receipts and payments' method has correctly been used within the Accounts which are up to date.
- 'Other Income' such as from burial fees, allotment rents and advertising, has been correctly identified and documented.

Risk Management and Budget Control

- A Risk Management Scheme or similar document does not appear to be in place and I recommend that this is addressed as soon as possible. An example has been e-mailed to the Clerk.
- The current general Insurance policy appears to be in order and has recently been reviewed.

- A budget document has been produced and the Precept has been set from this. The January 2018 meeting Minutes have been documented accordingly.
- Reserves appear to be appropriate for the size of the Council and 'earmarked funds' have been well documented.
- There is no Anti-Fraud and Corruption Policy in place and I recommend that one be considered.
- A Statement of Internal Control is in place although this is a longer document than is usually seen.
- A Complaints Policy is in place but it is not known whether a Freedom of Information Policy is in place and I recommend that this is investigated.
- The Council is registered with the Information Commissioners Office as is required.
- IT backup is completed by way of a Cloud which would appear appropriate.
- It is noted that the Clerk uses her own laptop for Council work and I recommend that the Council purchases its own laptop for its employee to use as would be expected.
- Agendas and Minutes appear to be in order and I recommend that past documents are archived for safety and practical reasons.

Payroll

- Payroll is dealt with 'in house' by the Clerk and appears to be in order. The P60 has been evidenced along with payments to HMRC.
- A Contract of Employment is in place and the Clerk is correctly Employed.
- Pension requirements are to be dealt with by the Clerk although the Council should oversee this.

Asset Control

- The Council has an up to date Asset Register in place which appears to be in order and the Council's general Insurance policy should be checked to ensure that all listed Assets are covered.

Bank and Bank Reconciliations

- Monthly bank reconciliations are produced by the Clerk, are agreed and signed by the Council, evidencing good practice.
- Internet Banking is used and the process in place, which involves the signatures of two authorised signatories per entry, is appropriate and evidences good practice.

Year End

- The Accounts to 31/03/2018 are being finalised and the Annual Return (AGAR) is being addressed. The requirements of the new annual return process has been confirmed by the Clerk.
- I have signed off the Internal Audit Report at my meeting with the Clerk.

Summary

I am pleased to be able to advise that, within the areas checked as abovementioned, it is my opinion that Malborough Parish Council has good systems of internal control in place which, as a result, supports the lowering of risk to the Council. I would, however, request that the recommendations highlighted 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.