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To: Ringmore Parish Council

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Internal Audit Report 2018/2019 for Ringmore 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 April 2019 Internal Audit for Ringmore 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

- The Financial Regulations were last reviewed in January 2019 and appear to be in order.
- The Standing Orders were last reviewed in January 2019 and appear to be in order.
- A Code of Conduct is in place, and was reviewed in January 2019, and is in order.
- There is a Website in place but certain areas, such as the finance page, requires updating. Also the e-mail facilities for contacting Councillors do not work. I recommend that a review of the site takes place as soon as possible.

Public Funds

- Payment controls are in place and payments are reviewed and signed off monthly.
- The General Power of Competence is not currently adopted, although the current Clerk is CiLCA qualified, and I recommend that the Council considers the gaining of this power.
- Purchase and payment documentation cross checked to the Accounts appeared to be in order.
- VAT has been claimed regularly but an issue has been identified in connection with the claiming back of VAT on behalf of the Womens Institute. It would appear that materials for the roof repairs of the WI Hut, owned by the WI, have been paid for by the Parish Council. The net payment for the materials has then been paid back to the Parish Council, from the WI, and the VAT on the purchase has been re-claimed by the Parish Council. As this action has not met the criteria for the re-claiming of VAT I strongly recommend that the VAT rules and regulations are reviewed prior to any further re-claims of this nature. I have supplied a Legal Topic Note in this regard for reference.
- Petty Cash is not held – no checks required.
- The Accounts are kept up to date and are attended to regularly. They are easy to understand and contain all the required information including a separate column for Section 137 spending.
- No Grant Funding Policy is in place and I recommend that one be considered.
- There is no Council borrowing – no checks required.
- The Accounts correctly record the Receipts and Payments method.
- The Council does not oversee any Trust Funds and so has no responsibilities as a Trustee.

Risk Management and Budget Control

- I have reviewed the Councils Risk Management Scheme, reviewed in January 2019, which is in good order and which appears on the website.
- The Councils current general Insurance policy has been regularly reviewed, is due for renewal on 1st June, and is in order.
- The latest annual budget document is of a good standard and has been used to set the annual Precept by Full Council as is required.
- Reserves appear to be on the high side, even after deduction of 'earmarked' funding for the helicopter night landing site, and I recommend that this is considered when setting the Precept next year.
- General Data Protection Regulations, May 2018, have been reviewed and a Privacy Notice is in place.
- A Complaints Policy is in place as would be expected.
- A Training Policy is not in place and I recommend that one be considered, to cover both the Clerk and Councillors, especially in light of a new Clerk being employed and potential new Councillors being Elected, or co-opted, this year.
- A Statement of Internal Control is in place, dated January 2019.
- IT backup is completed by way of external hard drive and additional USB sticks and is in order.
- Meeting Agendas are of a good standard and Councillors are correctly 'summonsed' to full meetings.
- Meeting Minutes are of a good standard, clear and easy to read, with decisions recorded appropriately. I note that 'matters arising' is still being used, against the advice of the National Association of Local Councils, and so I recommend that the Council considers not using this agenda item going forward.
- Annual membership of the Information Commissioners Office (ICO) has been confirmed as is required.

Employment

- The Clerk is the only employee and a Contract of Employment is in place. There does not appear to be provision for sick pay within the existing Contract and I recommend that this is considered when creating a Contract for any new Clerk.
- PAYE is outsourced and the documentation appears to be in order. Pensions not applicable currently.
- Staff appraisals and pay reviews do not appear to be taking place annually, as would be expected of an employer/employee situation, and I recommend that this is considered.

Asset Control

- The Councils Asset and Investment Register has been recently updated and is in order.

Banking and Bank Reconciliations

- Monthly bank reconciliations are produced and are agreed by the Council.
- Internet Banking is used with payments being checked by the Council monthly.
- Authorised signatory numbers are due for review after the May Elections.

Year End

- The completed 2017/2018 Audit Return included a Certificate of Exemption which appears to be in order. The year-end Accounts, to 31/03/2019, are being prepared and the Clerk has confirmed full understanding of the Audit process and requirements for this year which, due to an increase in the Councils turnover, will not include a Certificate of Exemption.
- I have signed off the Annual Internal Audit Report indicating no matters of great concern but the VAT matter, as noted above, should be reviewed as a priority and to prevent Audit issues next year.

Summary

I am pleased to be able to report that, within the areas checked, it is my opinion that Ringmore Parish Council has some effective systems of internal control in place which, as a result, supports the lowering of risk to the Council. I would request that the recommendations noted within this report, which have been provided to support future risk and internal control management, be considered as soon as possible.

Alison Marshall
April 2019