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To: Ringmore Parish Council

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Internal Audit Report 2019/2020 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 2020 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

- Financial Regulations – a document is currently in place and I understand that a new draft is pending adoption at the May Council meeting.
- Standing Orders – a document is currently in place and I understand that a review is pending at the May Council meeting.
- A Code of Conduct – in place and I understand that a new draft is pending adoption at the May Council meeting.
- Website – in place but in need of updating. The Transparency Code does not apply, due to the Council's annual turnover being above £25,000., but it is expected that a Council's website should be kept up to date. I understand that the new Clerk is awaiting training on how to manage the site and I recommend that training is taken forward as a priority and that, in the meantime, the Councillor currently responsible for the website oversees a review and the updating of the site. Examples of the updating required: previous Clerks details still showing, meeting minutes still marked as 'draft', audit documentation missing, documents uploaded in 'word' format and not 'pdf' making it difficult for members of the public to access.
- Borrowing – none currently.
- Petty cash – not used.
- Trusts – the Council is not involved with any Trust funds.
- Councillor numbers – there are currently 2 Councillor vacancies and it has been noted that, in the past year, meetings have been cancelled due to not being quorate. I recommend that the Council considers robust advertising of the posts, as a matter of priority, in order to fill the vacancies at the earliest opportunity, as is required.

Public Funds

- Payment controls – in place and overseen by the Council on a monthly basis.
- Purchase and payment documentation – items cross checked to the Accounts were in order.

- VAT - records appear to be in order and re-claims from HMRC have been evidenced.
- Accounts - kept up to date and attended to regularly.
- Section 137 – a separate column is showing in the Accounts, as is required, but zero funds have been allocated to this ‘power of the last resort’ in the last year. I note, however, that food and drink has been purchased from Milne Smith Catering, £11.90 on 3/12/2019, although there is no ‘power’ in place for the Council to purchase such goods. This is an example of when Section 137 could be used. I recommend that the Council identifies a ‘power’ prior to any future purchases and also that it revisits the use of Section 137 as a matter of priority, to avoid further issues of this kind. The Accounts should be corrected prior to sign off by the Council.
- The Receipts and Payments method has been correctly used.

Risk Management and Budget Control

- Risk Management Scheme – in place, dated January 2019, and is due to be reviewed at the May Council meeting, I understand.
- The general Insurance policy - appears to be in order and falls due for renewal at May end.
- An annual budget document has been produced and has been used to set the Precept. Details have been recorded within the Minutes, as is required.
- Reserves – the new Clerk has provided an up to date list of current reserved funds, as at 31st March 2020, which appears to be in order.
- General Data Protection Regulations - appear to have been adhered to and a Privacy Notice is in place, dated January 2019, which is due for review at the May Council meeting, I understand.
- A Statement of Internal Control – document is in place.
- IT backup is has been completed by the Clerk by way of external hard drive and USB sticks kept off site.
- Meeting Agendas have been produced with Councillors having been correctly ‘summonsed’ to full meetings. The three days’ notice statutory requirement appears to have been met.
- Meeting Minutes are in order and decisions have been recorded appropriately. It was noted that meetings have had to be cancelled, due to being non-quorate, during the past year. I recommend that co-option of new Councillors takes place as soon as possible that that Councillors advise the Clerk, in advance, of non-attendance at a meeting in order that the Clerk can manage the situation, make alternative arrangements, and save time.
- Information Commissioners Office (ICO) – annual membership has been confirmed.
- Quotations – quotations requested as part of the audit checks have not been produced as they could not be found. I recommend that the Council considers the impact of this situation as a matter of urgency and works with the new Clerk to ensure that, in future, the correct number of quotes are obtained and as is required in accordance with Council regulations. Any quotes should be kept with Council records and should be available to view, if required. The previous Clerk has confirmed that no quotes were obtained for the grass cutting contract, for example, which could appear to be unsatisfactory to members of the public.

Employment

- The new Clerk started the role in January 2020 and a Contract of Employment has been produced but has not yet been signed and dated. I recommend that this document is signed and dated as soon as possible in order to comply with regulations. The Clerk's appointment has been appropriately recorded within the minutes.
- PAYE is outsourced and the documentation appears to be in order – the Clerk should ensure that the payroll manager is aware of the change in Clerk details. The Clerk should also ensure that the records held with the Pensions Regulator are updated regarding the recent change.

Asset Control

- An Asset Register is in place but is in need of attention and updating, which I understand is currently taking place. I recommend that the updated document is reviewed for accuracy by the Council, as soon as possible, and that the confirmed document is uploaded to the website. Information on how an Asset Register should be completed has been sent to the Clerk for reference.

Banking and Bank Reconciliations

- Bank reconciliations – the process and template being used by the new Clerk evidences good practice.
- Internet Banking - used and the Council is checking payments monthly.
- Authorised signatory numbers - currently only at 2 which suggests a risk to the Council. I recommend that this number is increased as a matter of urgency. Please note the recommendation that the Clerk should not sign any payments.

Year End

- The completed 2018/2019 Audit Return has been reviewed and appears to be in order.
- The year-end Accounts, to 31/03/2020, are being prepared and the Clerk has confirmed full understanding of the Audit process requirements.
- Public Rights – the document has been evidenced and is in order.

Summary

I am pleased to be able to report that, within the areas checked, it is my opinion that Ringmore Parish Council has some good systems of internal control in place which, as a result, supports the lowering of risk to the Council. I would request, however, that the recommendations noted within this report, which have been provided to support current risk and internal control management, are considered as soon as possible. I would like to add that, in my opinion, the new Clerk has already made some good improvements to existing Council documentation and processes.

Alison Marshall
April 2020