

# Alison Marshall - Local Council Administration Services

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To: South Milton Parish Council

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## **Internal Audit Report 2020/2021 for South Milton 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. Recommendations for Council consideration have been highlighted in bold print.

### **Standard Documentation**

- The Council has tested internal control systems regularly.
- The Financial Regulations document was last reviewed in September 2020 and is in order.
- The Standing Orders document was last reviewed in June 2020 and is in order.
- A Covid 19 addendum Standing Orders document has been put in place, evidencing good practice.
- A Code of Conduct is in place, dated September 2020, and is in order.
- The Transparency Code for smaller authorities applies and a website is in place. All relevant documents relating to the Code have been correctly uploaded to the website except for a list of Councillor Responsibilities. Although the list appears within the minutes, **I recommend that the list is uploaded to the website as soon as possible.**
- A Website Accessibility Statement is in place.

### **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 in order and a separate column is in place for Section 137 payments. I note that a donation to Citizens Advice has been placed under S137 incorrectly as there is a power in place to donate to this source. **I recommend that this is noted for future payments.**
- The accounts correctly record the receipts and payments method.
- 'Other' income, such as from burials, has been accounted for.

### **Risk Management and Budget Control**

- A Risk Management Scheme and Statement of Internal Control are in place and in order.
- There is a general Insurance policy in place which appears to be in order.

- A budget document has been produced by which to set the annual Precept by full Council, as is required. The precept outcome has been minuted appropriately. Note: there is no longer a requirement to put in place a dispensation for the setting of the Precept.
- Reserve funds – a listing is in place justifying the reserves.
- Meeting agendas are in order and Councillors are correctly ‘summonsed’ to full meetings. The required notice period has been adhered to.
- Meeting minutes are in order and decisions have been well recorded.
- Annual membership of the Information Commissioners Office (ICO) has been confirmed.
- A GDPR Privacy Statement is in place, together with a Publication and Freedom of Information Scheme, evidencing good practice.

### **Employment**

- The Clerk is the only employee and a Contract of Employment is in place.
- PAYE is dealt with by the Clerk and the documentation viewed appears to be in order.

### **Asset Control**

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

### **Banking and Bank Reconciliations**

- Bank reconciliations have been produced regularly and shared with the Council.
- Cheques are used (there is no on-line banking in place) and the Clerk has confirmed that all cheque book stubs hold the initials of the required number of authorised signatories.

### **Year End**

- **Year-end 31/03/2020 – the option to use the Certificate of Exemption has been taken up, the process appears to be in order and the document appears on the website. The AGAR form, Section 2 Accounting Statement, has not been completed correctly as it would appear that fixed assets have been included, the new Clerk is aware of the error and how to ‘restate’ the figures to correct the form. No ‘analysis of variance form’ has been completed and I recommend that this happens from this year onwards and that the completed form is uploaded onto the website. I recommend that the Council thoroughly reviews all the audit requirements and completed forms for accuracy prior to approval and sign off.**
- Public Rights - the exercise of public rights form has been completed correctly and the document appears on the website.
- Year-end to 31/03/2021 – the Clerk is currently dealing with the documentation and has confirmed understanding of requirements.

### **Summary**

It is my opinion that proper practices have been followed and that the Council has effective systems of internal control in place so as to support the lowering of risk. I have highlighted a few areas for Council consideration to further support the effectiveness of risk management and governance processing.