

# Alison Marshall - Local Council Administration Services

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To: Thurlestone Parish Council

Date: 2<sup>nd</sup> June 2022

## **Internal Audit Report 2021/2022 for Thurlestone 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 processes.

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. The report contains recommendations for Council consideration.

## **Standard Documentation**

- The Council has tested internal control systems regularly.
- Financial Regulations, Standing Orders and a Code of Conduct are in place and in order.
- The Transparency Code for smaller authorities does not apply but a website is in place holding all relevant documentation in order to comply with the Code, this evidences good practice. NOTE: the website link to the Privacy Statement does not work and this should be looked in to.
- A Website Accessibility Statement is **not** in place and there is no evidence of a Website Accessibility Review having taken place so as to comply with new legislation. I recommend that this is addressed as a matter of priority.
- Council membership – there are currently 4 vacancies and I understand that an election will take place towards the end of June to correct the shortfall.
- Email addresses – it is recommended that Councillors now have bespoke email addresses, ideally ending in .gov.uk, in order to keep Council business separate. I recommend that this is addressed.
- Petty Cash – not held. Trusts - not applicable.
- Royal mourning period (April 2021) – observed.
- Virtual meetings – whilst the requirement to return to face to face meetings in May 2021 has been evidenced, an unlawful Zoom meeting appears to have taken place in January 2022. The decisions made at this meeting were ratified at the February meeting but I recommend that no further virtual meetings take place without relevant legislation being in situ.

## **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.
- Bank statements – a payment for £300 was made in error in November 2021 and was, fortunately, paid back to the Council. I recommend that all payment details are double checked by the Council to safeguard public funds.
- Borrowing – a loan is in place and repayments have been evidenced. The incorrect loan balance appears on the AGAR Section 2 document (year end 31/03/2022) and I recommend that this is corrected.

- VAT requirements have been adhered to with claims and payments evidenced.
- The accounts are easy to read, the correct year-end date of 31<sup>st</sup> March has been used and the document correctly records the receipts and payments method.
- Section 137 payments – a column is in place for these payments, as required, but a payment to a poppy appeal has not been listed under this power as would be expected. I recommend that Council ‘powers’ and Section 137 requirements are reviewed.

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

- A Risk Management Scheme and a Statement of Internal Control are in place, both adopted April 2022, and both are in order.
- The annual general Insurance policy appears to be in order and is on a long term agreement, expiring May 2024. I recommend that annual checks still take place to ensure needs are met.
- A budget document has been produced and used to set the annual precept by full Council. The minutes record the processes appropriately and the budget has been reviewed regularly.
- Reserve funds – a listing is in place and in order.
- Agendas – not found on the website and I recommend that this is addressed. The copies viewed via email evidenced that during 2021 Councillors were not summoned to meetings. Also, agendas were not dated, meaning that the statutory 3 days clear notice issue period could not be evidenced. Recent agendas are, however, in order.
- Minutes - decisions have been recorded appropriately. Some minutes remain in draft format on the website and I recommend that this is corrected. The January 2022 minutes appear to state January ‘2021’ and I recommend that this is corrected. I also recommend that minute pages and minute items are numbered consecutively through the financial year, as is required. The use of ‘matters arising’ has recently been replaced by a ‘Clerks report’, which is appropriate.
- Annual membership of the Information Commissioners Office (ICO) has been confirmed.
- There is a GDPR Privacy Policy, Publication/Freedom of Information Scheme and a Complaints Policy in place, evidencing good practice.

### **Employment**

- The new Clerk is the only employee and has confirmed that a signed Contract of Employment is in place. The minutes confirm the new Clerks appointment.
- PAYE/payroll is now outsourced to SHDC and the documentation viewed for the new Clerk appears to be in order. **NOTE:** It is evident that the previous Clerk worked on a self-employed basis which is not allowed – all Clerks must be appointed on an employed basis with PAYE applied.
- Pension – none in place currently. The Pensions Regulator documents have been updated.

### **Asset Control**

- An Asset Register is in place but is missing the location of assets and clarification of the basis of valuation eg. acquisition price or current value. I recommend that that document is updated.

### **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 with a payment sheet being produced and signed by 2 authorised signatories on a monthly basis.
- Bank signatories – standing at 2 currently and I recommend that this is increased to a minimum of 4 as a matter of priority.

## **Year End**

- Year-end 31/03/2021 - the notes from the External Auditor need to be addressed. In addition to these comments I note that the Conclusion of Audit document does not appear on the website and that the AGAR Sections 1 and 2 forms were signed off with the same minute reference in error. I recommend that the AGAR documents are double checked by the Council each year, prior to sign off, to ensure that all the requirements have been met.
- Public rights 2021 - the correct process was not followed and the incorrect form was used. I recommend that the process is reviewed to ensure compliance this year and going forward.
- Year-end 31/03/2022 - the AGAR Section 2 form states the wrong loan balance and I recommend that this is amended. The Clerk is dealing with the audit documentation and has confirmed understanding of requirements and timescales.

## **Summary**

It is my opinion that the Council has used proper practices during the past financial year, and that it has some good systems of internal control in place to help the lowering of risk. This report contains recommendations for Council consideration which, if actioned, will support further the lowering of risk to the Council and also the tightening of processes.

Alison Marshall May 2022