

# Alison Marshall - Local Council Administration Services

Dinneford House, Dinneford Street, Thorverton, Devon EX5 5NU

t. 07801 575521 / 01392 861228 e. [alisonmarshall.lcas@gmail.com](mailto:alisonmarshall.lcas@gmail.com)

To: Ugborough Parish Council

Date: 15<sup>th</sup> April 2023

## **Internal Audit Report for the year ending 31<sup>st</sup> March 2023**

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. This report may contain recommendations for Council consideration.

### **Standard Documentation**

- Internal control systems - tested regularly by the Council.
- Financial Regulations, Standing Orders, Code of Conduct – in place and regularly reviewed.
- Website Accessibility Statement and Privacy Statement – in place.
- Email addresses – as it is now a requirement for Councillors to have official Council email addresses, I recommend that this is addressed as soon as possible. The reasons behind this requirement are cyber security and public confidence.
- Burial records – the Clerk/RFO has confirmed that the burial records are in order and the process advised, with regards to internal checks, appears to be adequate.

### **Public Funds**

- Payment controls – in place with all payments checked by the Council.
- Purchase/payment documentation/annual accounts – the accounts appear to be in order. Note: the External Auditor may want to see the purchase and refund payments for the bench of £372.64 netted out in the accounts so as not to inflate the annual turnover figure unnecessarily.
- VAT – the correct process appears to have been followed. Note: only invoices made payable to the Council should be included within a VAT reclaim, I recommend that all purchases are made through the Council.
- Section 137 – not used as the General Power of Competence is held.
- Other income, such as from burials, has been accounted for.

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

- Risk Management Scheme – in place and dated 2018. As it is a requirement for risk/this document to be reviewed annually, I recommend that review dates are noted on the document for clarity.
- Statement of Internal Control – in place.
- Insurance Policy – in place.
- Budget – a document has been produced from which the annual precept has been set by full Council. The details have been minuted and the budget has been regularly reviewed.
- Reserve funds – a listing is in place and the details are reviewed monthly.

- Minutes – in order and easy to follow. The August 2022 minutes on the website appear to be in draft format and I recommend that this is addressed. The Clerk/RFO's new appointment has not been minuted sufficiently – see below under Employment.
- Agendas – requirements appear to have been followed in general although I recommend that specific spending amounts are detailed on agendas going forward, when relevant, to provide clarity on what amount of funding is to be discussed.
- Information Commissioners Office – annual membership confirmed.
- GDPR Privacy Notice and Policy – in place.
- Publication Scheme/Freedom of Information Policy – I have been unable to locate these documents and as they are a requirement I recommend that they are put in place as soon as possible.
- Complaints Policy – in place.
- Ratifying decisions made in-between meetings – minutes state that planning decisions have been made in-between Council meetings with resulting comments 'ratified' at the next Council meeting. Note: all decisions must be made within a face to face Council meeting to be lawful. I recommend that this process ceases and that additional meetings are called as required.
- Councillor claim form – the current claim form is for mileage claims only but is being used for general claims which is confusing. I recommend that the form is re-vamped to make it fit for purpose and for clarity.

### **Employment**

- Contract of Employment – the new Clerk/RFO has confirmed that a Contract of Employment is in place (not viewed). The minutes do not record the new employment sufficiently, in line with requirements, as the specific hours/salary/pension details are missing. I recommend that this is corrected by documenting the full details in future minutes.
- PAYE/pay roll – dealt with by the Clerk/RFO 'in house' by way of the HMRC on-line system. The documents checked appear to be in order and evidence deductions of PAYE and pension contributions. The Pensions Regulator details have recently been updated.

### **Asset Control**

- Asset Register – in place, updated and published.

### **Banking and Bank Reconciliations**

- Bank reconciliations – completed monthly.
- Internet Banking – used and appears to work well with 6 authorised signatories currently.

### **Year End**

- Year-end 31/03/2022 - the External Auditor reported no issues.
- Public Rights 2022 – the correct process has been followed and the dates have been published.
- Year-end 31/03/2023 – the Clerk is in the process of completing this year's AGAR documents. Note: I have not been able to check the year-end bank reconciliation due to a missing bank statement.

### **Summary**

It is my opinion that Ugborough Parish Council has followed proper practices during the past year. The documents and processes viewed and checked were found to be in good order generally. I would conclude that the Council has robust systems of internal control in place to help lower any risk to the Council. I have, however, made a few recommendations within this report which, if actioned, will strengthen internal controls further.

Alison Marshall April 2023

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