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To: Knowstone Parish Council

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Internal Audit Report 2018/2019 for Knowstone 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 Knowstone 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 Council has tested internal control systems regularly and I have found no issues within this area.
- The Financial Regulations were adopted in April 2018 and are in order.
- The Standing Orders were adopted in April 2018, and reviewed in October 2018, and are in order.
- A Code of Conduct is in place, and in order, although I note that it is not dated. I recommend that the date of adoption, and any reviews or amendments, be noted on the document.
- The Transparency Code applies, due to the Councils current turnover, and the Website is in order in this regard although I was unable to locate a list of Councillor Responsibilities. I recommend that a list of Councillor Responsibilities is uploaded onto the Website if not already in place.

Public Funds

- Payment controls are in place and it is evidenced that the Council oversees all payments.
- Purchase and payment documentation cross checked to the Accounts was in order.
- VAT requirements have been adhered to and the records are in good order.
- Petty Cash - not held.
- 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.
- Council borrowing – none.
- 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 Risk Management Scheme, last reviewed in June 2018, which is in order.
- The current general Insurance policy has been regularly reviewed 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 are high and no funding has been 'earmarked' to date. I recommend that the funding 'earmarked' for the planned flashing road signs, park benches and the road warden scheme, for example, are listed as 'earmarked funding' so as to show general reserves as a more accurate figure. I also recommend that the reserves are reviewed prior to setting the next Precept.
- Data Protection requirements of May 2018 have been adhered to and a Privacy Statement is in place.
- There is no Complaints Policy in place and I recommend that one is considered.
- IT backup is regular and appears to be in order.
- Meeting Agendas are of a good standard and Councillors are correctly 'summonsed' to full meetings.
- Meeting Minutes are of a good standard and are professional, clear and easy to read, with decisions recorded appropriately.
- Elections will take place on May 2nd 2019 and preparations are well underway in this regard.
- Annual membership of the Information Commissioners Office (ICO) was confirmed.

Employment

- The Clerk is the only employee and a Contract of Employment is in place.
- PAYE is dealt with in-house and the documents reviewed appear to be in order.
- Staff appraisals and pay reviews take place annually as is expected.

Asset Control

- The Councils Asset and Investment Register was last reviewed in March 2019, is in order, and a copy has been uploaded to the Website as is required.

Banking and Bank Reconciliations

- Monthly bank reconciliations are produced and quarterly reconciliations are signed by the Council.
- Authorised signature numbers are due for review in May following the Elections and I recommend that as many Councillors as possible become authorised signatories.
- On-line banking – not used.

Year End

- The 2017/2018 Audit Return included a Certificate of Exemption which was correctly completed.
- The year-end Accounts, to 31/03/2019, are being prepared and the Clerk has confirmed full understanding of the Audit process and requirements. I have been able to sign off the AGAR Annual Internal Audit Report indicating no matters of concern following my review.

Summary

I am pleased to be able to report that, within the areas checked, it is my opinion that Knowstone Parish Council has robust and effective systems of internal control in place which, as a result, supports the lowering of risk to the Council. I would add that the quality of work seen from the Clerk over the past year has improved the Council's risk position substantially. To this end, I would ask that the Council considers the very few recommendations noted within this report which have been provided to support future risk and internal control management.