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To: Knowstone Parish Council

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Internal Audit Report 2019/2020 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 2020 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

- Internal control systems have been tested regularly and I have found no issues within this area.
- Financial Regulations - adopted in April 2018 and are in order. I recommend that this document is reviewed at least every two years, as per general guidelines.
- Standing Orders – last amended 23/10/2018 and are in order. I recommend that this document is reviewed at least every two years, as per general guidelines.
- A Code of Conduct is in place and is in order other than there being no date of adoption or review. I recommend that the date of adoption is noted on the document.
- The Transparency Code applies, due to the Councils current annual turnover figures being below £25,000, and a Website is in place which holds most of the required documents except for a list of Councillor responsibilities. I recommend that, to comply with the Code, this requirement is addressed as soon as possible.
- Trusts – the Council is not involved in any Trusts.
- Borrowing – the Council currently has no borrowing.
- Petty cash – not used.
- Council membership currently stands at 7, following co-options, which I understand to be a full house.

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.
- 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.
- Section 137 spending – not used in the past tax year.
- The Accounts correctly record the Receipts and Payments method.

Risk Management and Budget Control

- There is a Risk Assessment in place, dated June 2018, which appears to be in order. I recommend that this document is reviewed annually, as per general guidelines.
- There is a general Insurance policy in place, renewal date 1st June 220, which appears to be in order.
- A budget document has been created and used to set the annual Precept. The Precept has been correctly set at a full meeting of the Council and has been minuted appropriately. I am at a loss to see, as a member of the public, how the agreed budget of £17,418 for the years expected outgoings relates to the agreed Precept demand of £4,076 as minuted. Whilst the Clerk has explained that the budget is aspirational and that reserves could be diverted to certain projects I recommend that this situation is considered and that future minutes explain the figures to help understanding and for transparency reasons. Due to the involvement of public funds it is important to help the public understand the Council's plans.
- Reserves appear to be on the high side although the general reasons for this have been documented. I recommend that the Council reviews it's reserves for accuracy and considers spending any excess funds or of-setting the Precept figure going forward.
- General Data Protection Regulations appear to have been adhered to and there is a Privacy Notice in place, as is required.
- IT backup is overseen by the Clerk and appears to be in order.
- Meeting Agendas are of a good standard and Councillors are correctly 'summonsed' to full meetings. The three clear days' notice period requirement has been evidenced.
- Meeting Minutes are professional, easy to follow and decisions have been recorded appropriately.
- Annual membership of the Information Commissioners Office (ICO) has been 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. The Clerk has advised that she is currently dealing with the re-enrolment requirements of the Pensions Regulator.
- Staff appraisals and pay reviews take place annually, as is expected. The last pay rise, in April 2019, has been correctly recorded within the Minutes.

Asset Control

- The Councils Asset Register was last reviewed in March this year and appears to be in order. A copy can be found on the Council's website, as is required.

Banking and Bank Reconciliations

- Regular bank reconciliations are produced and signed by the Council.
- Authorised signature numbers currently stand at 4 which appears to be appropriate.
- On-line banking – not currently used.

Year End

- The 2018/2019 Audit Return included a Certificate of Exemption which has been correctly selected and completed.
- The year-end Accounts, to 31/03/2019, are being prepared by the Clerk and full understanding of the Audit process has been confirmed.
- The Public Rights document is in order.
- I have been able to sign off the AGAR Annual Internal Audit Report indicating no matters of concern following this review.

Summary

I am pleased to be able to report that, within the areas checked, it is my opinion that Knowstone Parish Council has effective systems of internal control in place which, as a result, supports the lowering of risk to the Council. It was pleasing to see that the quality of the work produced by the Clerk is well above standard. I would request that the Council takes time to consider the few recommendations highlighted within this report, which have been provided in order to support future risk and internal control management.

Alison Marshall

April 2020