

# 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: Knowstone Parish Council

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## **Internal Audit Report 2020/2021 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 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 August 2020 and appears to be in order.
- The Standing Orders document was last reviewed in October 2020 and appears to be in order.
- A Covid 19 addendum Standing Orders document has been put in place evidencing good practice.
- A Code of Conduct is in place and is in order.
- The Transparency Code for smaller authorities is applicable and a website is in place as required.
- A review of the website has taken place and 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 column is in place for section 137 payments. The accounts correctly record the receipts and payments method.
- 'Other' income from the Moors Management Association has been recorded.
- Quotes – only 2 quotes were obtained for the work relating to Mr Ridd for £1,000 but due to the specialised nature of the work this would seem appropriate. No action required.

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

- A Risk Management Scheme is in place and is in order.
- **There is no Statement of Internal Control in place, as is required, and I have supplied the Clerk with an example of the document. I recommend that the Council puts such a document in place.**
- The annual general Insurance policy has been reviewed, and renewed, and is in order.
- The latest annual budget document is of a good standard and regular reviews against budget have been carried out. The budget document has correctly been used to set the annual precept, by full Council, as is required. The precept outcome has been minuted appropriately.

- **Reserve funds appear to be on the high side at £27,500 as at 31/03/2021 with no ‘reserved funds listing’ currently in place to evidence to the public why these reserves are required. I recommend that a listing is put in place to justify the reserves and for transparency. If the funding is not required for any specific project it could be used to reduce future precept demands.**
- Meeting agendas are in good order and Councillors are correctly ‘summonsed’ to full meetings. The required notice period has been adhered to. **I note that there are no agendas on the website for 2020, which would be expected, and I recommend that this is corrected in order to prove that payments have been made lawfully and for transparency.**
- Meeting minutes are in good order, easy to follow and decisions have been well recorded.
- Annual membership of the Information Commissioners Office (ICO) has been confirmed.
- There is a General Data Protection Regulations Privacy Notice in place.
- A Publication Scheme and a Complaints Policy would be expected but have not been evidenced on the website. **I recommend that these policies are put in place if not already held.**
- There are no committees in place currently.

### **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.
- Pay reviews take place and salary changes have been documented.

### **Asset Control**

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

### **Banking and Bank Reconciliations**

- Bank reconciliations have been produced at least quarterly and have been shared with Council.
- Authorised signatories currently stand at 5 which evidences good practice.
- Internet Banking is not used. **Cheques remain the main source of payments and it has been confirmed that most cheque stubs have been initialled by 2 authorised signatories during the past year. I recommend that the Council deals with any outstanding matters in this regard as soon as possible.**

### **Year End**

- Year-end 31<sup>st</sup> March 2020 – the option to use the Certificate of Exemption has been used and the documentation is in order.
- Year-end 31<sup>st</sup> March 2021 - the Clerk is currently preparing the documents and has confirmed understanding of requirements.
- Public Rights – the document has been completed correctly and appears on the website.

### **Summary**

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