

# 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

Date: 18<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. The report may contain recommendations for Council consideration.

### **Standard Documentation**

- Internal control systems – in place and tested regularly by the Council.
- Financial Regulations, Standing Orders, Code of Conduct – in place and I recommend that the annual review dates, with any amendments, are recorded on each document.
- Transparency Code for smaller authorities – applicable. A website is in place and all relevant documents appear on it including a Website Accessibility Statement.
- Council membership – shortfalls in membership numbers through the year have been minuted and the co-option process has taken place.

### **Public Funds**

- Payment controls – in place and the Council has regularly checked the finances.
- Purchase and payment documentation – a sample of documents cross checked to the accounts were found to be in order.
- VAT - requirements appear to have been followed and I note that the annual claim is now due.
- Accounts – in order and easy to follow. The receipts and payments method has correctly been used. Section 137 payments – this 'power' appears to have been used appropriately.
- 'Other' income – funds from the Moors Management Association has been recorded.

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

- Risk Management Scheme and Statement of Internal Control – both in place.
- General Insurance Policy – I recommend that adding cyber security to the policy is considered if not already in place
- Budget – a document is in place detailing expected outgoings for the next financial year but no income has been noted. The result is that the budget figure is more than the resolved precept figure but no explanation has been provided as to why. The Clerk has clarified that the shortfall is to be covered from general reserves and the Moors Management funding. I recommend that this information is noted on the budget document and in the minutes in future to avoid confusion and for transparency. Regular reviews against budget have taken place. The precept has been set by full Council and has been minuted.

- Reserve funds – a list is in place.
- Agendas – in good order. Note: Extraordinary meetings are called by the Chairman/2 Councillors and so the agenda should be signed by the relevant source and not the Clerk.
- Minutes – in good order.
- Information Commissioners Office (ICO) – annual membership has been confirmed.
- Freedom of Information Policy / Publication Scheme – the Standing Orders state that the Council has a Publication Scheme in place covering its Freedom of Information rules. I have not been able to locate the scheme and so as this is a requirement I recommend that situation is reviewed.
- Privacy Policy – held and I recommend that this document is renamed Privacy and GDPR Policy.
- Complaints Policy – no stand-alone document in place and I recommend that this is rectified.

### **Employment**

- Contract of Employment – in place for the Clerk being the only employee.
- PAYE – dealt with 'in-house' by the Clerk and the documents reviewed appear to be in order. No pension in place. The Pensions Regulator re-declaration is due in October this year.
- Salary increases – minuted appropriately.

### **Asset Control**

- Asset Register – in place and due for an annual review this month. Published on the website.

### **Banking and Bank Reconciliations**

- Bank reconciliations – produced regularly and shared with the Council.
- Authorised signatories – currently at 4 which is appropriate. The Clerk has confirmed that all cheques issued have been signed by 2 authorised signatories.
- Banking – payments are made by way of cheque and I recommend that internet banking is considered as this is now expected by members of the public and saves time.

### **Year End**

- Year-end 31<sup>st</sup> March 2022 – the option to use the Certificate of Exemption has been used and the documentation is in order.
- Year-end 31<sup>st</sup> March 2023 - the Clerk is currently dealing with the year-end documentation. The bank reconciliation appears to be in order. A Certificate of Exemption remains an option for Council consideration based on annual turnover.
- Public Rights 2022 – no issues highlighted, published.

### **Summary**

I conclude that Knowstone Parish Council has robust systems of internal control in place so as to support the lowering of risk to the Council in general. I have made a few recommendations within this report which, if taken on board, will support the lowering of risk further. I have been able to sign off the AGAR internal audit report evidencing no issues of concern.

Alison Marshall May 2023