

# Alison Marshall - Local Council Administration Services

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To: Okehampton Hamlets Parish Council

Date: 11<sup>th</sup> May 2018

## Internal Audit Report 2017/2018 for Okehampton Hamlets Parish Council

All Councils are required to implement an annual independent Internal Audit examination of its Accounts and accounting processes. 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 May 2018 Internal Audit for Okehampton Hamlets 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.

### Book Keeping

- I have tested that the Council has checked internal systems regularly, and that these checks have been signed for, and no issues have been identified within this area.
- The Councils Financial Regulations and Standing Orders were both adopted in 2015, and have since been reviewed, and I **recommend** that the review dates be noted on the documents. The documents appear to be in order.
- A Code of Conduct is in place and in order. It was pleasing to note that three Councillors have recently attended training in this regard evidencing good practice.
- The Transparency Code does **not** apply to Okehampton Hamlets Parish Council at the present time due to its annual turnover being just above £25,000. The Council is, however, aiming to comply with the Code and has an easy to access website in place.
- The Clerk has confirmed understanding of the new requirements relating to the General Data Protection Regulation.

### Payment Control

- Payment controls have been reviewed monthly and I have found no issues within this area.
- Purchases have been well documented within the Accounts and the Meeting Minutes.
- VAT was last re-claimed in April 2018 and the documentation is in order.
- No petty cash is held – no checks required.
- No borrowing in place – no checks required.
- Section 137 spending has been correctly identified but a separate column does not appear within the Accounts as is required. I **recommend** that this be addressed as soon as possible.
- The Accounts are well set out and easy to understand.
- Internet Banking does not currently apply although the process is about to be set up.
- Income from 'other' sources, such as the shed rent, has been correctly recorded.
- The Accounts feature the 'Receipts and Payments' method which is correct.



- Grant Funding is given by the Council and a grant giving process is in place.

### Risk Management and Budget Control

- The Councils Risk Management Scheme appears to be in order.
- The Councils general Insurance Policy is currently under review and appears to be in order.
- A well written budget document has been produced by the Clerk and a thorough review of required funding has been evidenced. The annual Precept has been set, by full Council, at the January 2018 meeting and the Minutes have been documented accordingly.
- Reserves have been considered when setting this year's Precept and appear to be appropriate for the size of the Council taking into account 'earmarked' funding and future plans.
- There is no Anti-Fraud and Corruption Policy or Statement of Internal Control in place and I **recommend** that both these documents are considered.
- IT backup is completed by an external process which appears to be in order.
- Agendas are in order but do not remain on the website after the meeting has taken place and I **recommend** that this be looked into.
- Minutes are well written with bank reconciliations and payments listed. I note that 'matters arising' is being used which is no longer recommended and so I **recommend** that this item is removed. It is also recommended (by NALC) that names of the public are not included within the Minutes.
- The Council is **not** currently a member of the Information Commissioners Office (ICO), as is required, and so I **recommend** that action is taken on this matter through the ICO website as soon as possible.
- There are no Committees in place currently.

### Payroll

- Payroll is dealt with in-house, by the Clerk, and a spreadsheet is used to record monthly data. The Accounts evidence payment of the monthly salary and payslips are produced. PAYE is not being dealt with and the on-line HMRC PAYE system is not being used. No P60 or end of year records could be produced. I **recommend** that this matter is addressed as a matter of priority so as to protect both the Clerk and Council. Outsourcing of payroll would be an option for the Council.
- The Clerk confirmed that the Council has been registered with the Pensions Regulator.
- The Clerk is employed and a Contract of Employment is in place.
- Regular pay reviews take place and the recently announced NALC pay-rise has been approved. I **recommend** that a full annual staff appraisal is arranged as would be expected of all Employers.

### Asset Control

- The Councils Asset and Investment Register is up to date as at year end. I note that not all items have an acquisition value and I **recommend** that £1 is input, instead of leaving a space or inputting 'gift', as would be expected. The Councils Insurance policy appears to cover the recorded Assets sufficiently.

### Bank and Bank Reconciliations

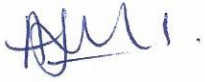
- Monthly Bank reconciliations have been produced by the Clerk, agreed by the Council, and form part of the Minutes.
- I have reviewed the current Bank cheque book which is in order with two authorised signatories on each cheque stub.

### Year End

- The Accounts to 31/03/2018 have been finalised and the Annual Return is currently being addressed. The Clerk has confirmed understanding of the new AGAR process.
- I have signed off the Internal Audit Report indicating no matters of concern.

### Summary

I am pleased to be able to advise that, within the areas checked as abovementioned, it is my opinion that Okehampton Hamlets Parish Council has effective systems of control in place which, as a result, supports the lowering of risk to the Council. I would, however, request that the few recommendations noted within this report be considered by the Council, at its earliest convenience, as they have been provided to support future risk and internal control management.

A handwritten signature in blue ink, appearing to read 'Alison Marshall'.

Alison Marshall  
LCAS