

**Method:** All payments are made by cheque or on line bank payment. The Council currently has no Standing Orders and one Direct Debit set up on its accounts for regular payment. The signatories check each cheque for payment against the original relevant invoice, signing the cheque and cheque book stub and payment authorisation schedule. On line payments are checked against the original relevant invoice, payments are also included on the payment authorisation schedule for signing.

**Mandate:** Two Members of the Council with authorised authority must authorise every cheque or on line payment or order for payment. The Clerk enters payments on line for authorisation by two members of the Council. The Clerk does not authorise payments.

**Reconciliation:** a nominated Councillor (currently Cllr Maria Cooper) checks the bank reconciliation against the Councils bank account statements monthly.

**d) Contracts**

Procedures as to contracts are laid down in the Councils Standing Orders and Financial Regulations. The Council oversees all contract procedures.

**e) Internal Audit**

The Council has appointed Alison Marshall as its independent Internal Auditor until further notice who will report to the Council on the adequacy of its records, procedures, systems, internal controls and risk management. The effectiveness of the internal audit is reviewed annually.

**f) External Audit**

The Council has been appointed External Auditor P K F Littlejohn until further notice. Following completion of the External Audit the annual Certificate of Audit is provided, which is presented to the Council.

**4. REVIEW OF EFFECTIVENESS**

Okehampton Hamlets Parish Council has responsibility for conducting an annual review of the effectiveness of its system of internal controls. The review of the effectiveness of the system of internal controls is monitored and informed by:

- the Clerk to the Council/Responsible Financial Officer
- the work of Officers within the Council reporting to the Parish Clerk (the Responsible Finance Officer)
- the work of the Independent Internal Auditor
- the External Auditors through the Annual Return and their annual letter
- the number of significant issues that are raised during the year.

Date of approval of this Statement of Internal Control: , adopted minute reference

Chairman .....

# 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)

Date: 22<sup>nd</sup> May 2020

To: Okehampton Hamlets Parish Council

## Internal Audit Report 2019/2020 for Okehampton Hamlets 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 May 2020 Internal Audit 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 are in place and have been checked by the Council regularly.
- Financial Regulations - adopted in May 2015 but there is no review date on the document. I recommend that the document is reviewed at least every two years and that the review date is noted.
- Standing Orders - adopted November 2019 and are in order.
- Code of Conduct - in place, dated September 2014 and is in order.
- Transparency Code - has applied over the past year due to the Council's annual turnover being below £25,000 and a Website is in place, as is required. As not all documents as required by the Code can be found on the Website I recommend that Councillor responsibilities and meeting documents are uploaded as soon as possible.
- Petty Cash - not held. Borrowing - none. Trusts - not applicable.

### Public Funds

- Payment controls - in place and the Council has overseen all payments monthly.
- Purchase and payment documentation - items cross checked to the accounts were in order.
- VAT - requirements have been adhered to and the records appear to be in order except that the accounts indicate that VAT may have been re-claimed in error on grant funding to White Wood Management and Running Imp. I recommend that the matter is reviewed and that adjustments are made as and if appropriate.
- Accounts/cash book - appear to be in order and the receipts and payments method has been used.
- Section 137 - payments have been identified and this 'power' has correctly been used for the purchase of a Wreath. It has incorrectly been used for a grant to Citizens Advice. Also, refreshments have been purchased and as a Council has no 'power' under which to purchase food or drink, Section 137 should have been considered. I recommend that the accounts are amended accordingly.
- 'Other' income - shed and road lease funds have been accounted for.
- Quotations - the Council's regulations require 3 quotes to be obtained and considered for purchases over £100 but this does not always appear to have happened eg. the new Website. I recommend that the Council adheres to its regulations going forward.



## Risk Management and Budget Control

- Risk Management Scheme – in place and appears to be in order but is undated. I recommend that the document is reviewed annually and that the review date is noted.
- General Insurance policy – in place with AXA (commences 01/06/2020) and appears to be in order. I am assuming that the Council is currently insured.
- Budget and Precept – a budget document has been produced and used to set the annual Precept at a full Council meeting, as is required. The minutes have been documented appropriately. Progress against budget has been evidenced.
- Reserves – a listing is in place and reserved funds have been justified.
- IT and Website backup – overseen by the Clerk and checked by the Council.
- Meeting Agendas – Councillors are correctly 'summonsed' to full meetings and the three clear days' notice has been observed in general although I note that the June and December 2019 agendas have not been dated by the Clerk. I recommend that this requirement is checked going forward.
- Meeting Minutes – in good order and decisions have been recorded appropriately.
- Information Commissioners Office (ICO) – membership has been evidenced.
- General Data Protection Regulations – Privacy Notices are in place, as is required.
- Publication Scheme/Freedom of Information Policy – not in place and as this is a requirement I recommend that a scheme/policy is put in place as soon as possible.
- Committees – a Planning Committee is in place and the Terms of Reference have been evidenced.

## Employment

- Contract of Employment – the Clerk is the only employee and a Contract is in place.
- PAYE/payroll – outsourced and all documentation checked was in order. No pension applies.
- Salary changes – documented appropriately.

## Asset Control

- Asset Register – the document, updated 31/03/2020, appears to be in order.

## Banking and Bank Reconciliations

- Bank reconciliations – produced regularly and appear to be in order.
- Authorised signatories – all 8 Councillors are signatories which is unusual but pleasing to see.
- Internet Banking – used and the process in place appears to work well.

## Year End

- Year end 31/03/2019 – the Council resolved to opt for the Certificate of Exemption and the form and process has been completed correctly.
- Year end 31/03/2020 – the Clerk is currently working on completing the documents required for this year's audit and has confirmed understanding of requirements.
- Public Rights – the process has been completed correctly.

## Summary

I can report that, within the areas checked, it is my opinion that Okehampton Hamlets Parish Council has some robust systems of internal control in place, so as to support the lowering of risk to the Council. There are a few areas highlighted within this report which I would ask the Council, with the Clerk, to review as soon as possible as the recommendations have been provided in order to support future internal control management.



Alison Marshall – May 2020

Alison Marshall – Local Council Administration Services

## **BANK RECONCILIATION**

**Okehampton Hamlets Parish Council**

**Date 25/02/20**

Prepared by Jane Gillard, Parish Clerk and Responsible Financial Officer  
Date

Approved by -  
Date

**Balance per bank statements as at  
31/03/20**

Current account  
Deposit account

£	£
	1293.23
	52414.67
	<b>53707.90</b>

**Less: any unpresented cheques at  
25 Feb**

**Add: any unbanked money**

0	0
---	---

**Net bank balances as at 31 March  
2020**

**53,707.90**

**The net balances reconcile to the Cash Book (receipts and payments  
account) for the year, as follows**

**Cashbook**

Opening Balance

Add: Receipts in the Period

Less: Payments in the Period

48,158.88
26,372.95
20,823.93

**Closing balance per cash book (receipts and  
payments book) as at 31 March 2020 (must  
equal net bank balances above)**

**53,707.90**



## Section 2 – Accounting Statements 2019/20 for

### Okehampton Hamlets Parish Council

	Year ending		Notes and guidance
	31 March 2019 £	31 March 2020 £	
1. Balances brought forward	44,253	48,159	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	18,759	21,720	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	4,455	4,653	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	5,637	4,815	Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	13,671	16,010	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	48,159	53,707	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).
8. Total value of cash and short term investments	48,159	53,707	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – <b>To agree with bank reconciliation.</b>
9. Total fixed assets plus long term investments and assets	85,626		The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.
10. Total borrowings	0		The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	The Council, as a body corporate, acts as sole trustee for and is responsible for managing Trust funds or assets.
		✓	N.B. The figures in the accounting statements above do not include any Trust transactions.

I certify that for the year ended 31 March 2020 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval

SIGNATURE REQUIRED

DD/MM/YY

Date

I confirm that these Accounting Statements were approved by this authority on this date:

DD/MM/YY

as recorded in minute reference:

MINUTE REFERENCE

Signed by Chairman of the meeting where the Accounting Statements were approved

SIGNATURE REQUIRED



## Section 1 – Annual Governance Statement 2019/20

We acknowledge as the members of:

### Okehampton Hamlets Parish Council

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2020, that:

	Agreed		
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.			<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.			<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.			<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.			<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.			<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i>
7. We took appropriate action on all matters raised in reports from internal and external audit.			<i>responded to matters brought to its attention by internal and external audit.</i>
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.			<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A
			✓

\*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.

This Annual Governance Statement was approved at a meeting of the authority on:

DD/MM/YY

and recorded as minute reference:

MINUTE REFERENCE

Signed by the Chairman and Clerk of the meeting where approval was given:

Chairman

SIGNATURE REQUIRED

Clerk

SIGNATURE REQUIRED

Other information required by the Transparency Codes (not part of Annual Governance Statement)

Authority web address

www.okehamptonhamlets-pc.gov.uk AUTHORITY WEBSITE ADDRESS