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To: Okehampton Hamlets Parish Council

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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