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To: Okehampton Hamlets Parish Council

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Internal Audit Report 2020/2021 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 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 has recently been reviewed and is in order.
- The Standing Orders document has recently been reviewed and is 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 required Website Accessibility Review has taken place and the relevant statement can be found on the website, as is required.

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 easy to view and are in order, the receipts and payments method has been used.
- **Section 137** has been used and the payments have been recorded separately, as required, but a payment to Citizens Advice has been listed under this 'power' in error. I recommend that the records are amended.

Risk Management and Budget Control

- A Risk Management Scheme is in place and is in order.
- A Statement of Internal Control is in place for the year ending 31/03/2021.
- The annual general Insurance policy appears to be in order (expires 31/05/2021).
- A budget document has been produced from which the full Council has set the annual Precept. The precept outcome has been minuted appropriately.
- **Reserve funds** appear to be on the high side as, according to the latest reserved funds listing, only £37,950 of the brought forward funds of £58,228 (as at 31/03/2021) appear to be accounted for. I recommend that this matter is reviewed and that any surplus funds are used to offset future precept demands.

- Meeting agendas are in good order and are easy to read. Councillors are correctly ‘summonsed’ to full meetings and the required 3 days’ clear notice period has been adhered to.
- Meeting minutes are in good order and are easy to read. Decisions have been well recorded.
- Annual membership of the Information Commissioners Office (ICO) has been confirmed.
- There is a GDPR Privacy Notice, a Publication Scheme a Complaints Policy and a Freedom of Information Scheme in place, as is required.

Employment

- The Clerk is the only employee and a Contract of Employment is in place.
- PAYE is outsourced and the documentation appears to be in good order.
- Staff pay reviews and salary increases have taken place and have been minuted.
- Pension payments - there is no pension in place.

Asset Control

- **The Asset and Investment Register** has been kept updated. I note that some acquisition costs are missing and so recommend that this is addressed. I also note that the asset value transferred onto the AGAR audit form represents the ‘current estimated value’ of assets, which is unusual. I recommend that the Practitioners Guide on Asset Registers is reviewed and that any required amendments are made going forward.

Banking and Bank Reconciliations

- Bank reconciliations have been produced monthly, are in good order and have been published.
- Internet Banking is used and the process of the Council signing off summary payment sheets represents good practice, and appears to work well

Year End

- **Year-end 31/03/2020** – the External Auditors report did not highlight any issues. All the required documentation has been published on the website. I note that the AGAR Section 1 and 2 forms dated 31/03/2020 appear to have the same minute reference which is incorrect.
- Protected Rights 2020 - the process has been followed correctly.
- **Year-end 31/03/2021** – the Clerk is currently overseeing the audit requirements and has confirmed understanding of the process. I note that, in the past, signatures on the AGAR forms have been redacted but should not have been. I also note that AGAR Section 1 form has been minuted as being signed off after the AGAR Section 2 form, which is incorrect. I recommend that these observations are addressed going forward.

Summary

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

Alison Marshall May 2021