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To: Okehampton Hamlets Parish Council

Date: 11th May 2022

Internal Audit Report 2021/2022 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 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. This report contains recommendations for Council consideration.

Standard Documentation

- The Council has tested internal control systems regularly.
- Financial Regulations, Standing Orders and a Code of Conduct are in place.
- The Council, due to its annual turnover, does not need to comply with the Transparency Code for smaller authorities but a website is in place which holds all the relevant documentation to comply with the Code, evidencing good practice. Website Accessibility Statement and Privacy Statement are in place on the website, as is required.
- Petty Cash – not held. Borrowing - none. Trusts - not applicable.
- Email addresses – it is now recommended that the Council and Councillors have bespoke email addresses and these appears to have been actioned.
- Royal Mourning Period (2021) – observed.

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.
- The accounts are easy to view and are in order. The receipts and payments method has been correctly used as has the year end date of March 31st. The accounts have a Section 137 column.
- Other income – rents, for example, have been accounted for and recorded.
- Purchase of food items has been evidenced but as the Council has no 'power' under which to purchase such items it should cease doing so going forward.

Risk Management and Budget Control

- A Risk Management Scheme is in place along with a Statement of Internal Control.
- The annual general Insurance policy appears to be in order.
- 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 – a listing is in place evidencing earmarked funding, including general reserves, of £35,000 as at 31/03/2022. The carried forward figure on the AGAR evidences reserves of £55,432. I understand that the additional £20,000 has been used to off-set the Precept figure for this financial year but if this is not the case, the figures should be reviewed.

- Meeting agendas are in good order and are easy to read. Councillors are correctly 'summonsed' to full meetings and the required 3 clear days' notice period has been observed. Agendas disappear from the website after 12 months and I recommend that they remain in place going forward.
- 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.
- A Planning Committee is in place with relevant Terms of Reference.

Employment

- The Clerk is the only employee and a Contract of Employment is in place.
- PAYE/payroll is outsourced and the documentation appears to be in order. There is no pension in place. The Pensions Regulator documentation has recently been updated.
- Clerk salary rises have taken place and have been minuted.
- Locum Clerk – contracted in June/July 2021 and paid by invoice. The usual procedure is to pay a Locum Clerk through payroll. The agendas/minutes do not record any detail about the appointment of a Locum Clerk and so the resulting payment could be considered to be unlawful. I recommend that the correct procedures are followed going forward.

Asset Control

- The Asset Register is up to date and in order. It states 'items with a value in excess of £1,000' but items with a value less than that are listed. It would be usual for all fixed assets to be listed, whatever the cost, and I recommend that this statement is reviewed.

Banking and Bank Reconciliations

- Bank reconciliations have been produced monthly and shared with the Council.
- Internet Banking is used and the process of the Council signing off summary payment sheets and invoices represents good practice.
- Authorised signatories currently stand at 8, which is well above the usual recommendation of 4.

Year End

- Year-end 31/03/2021 – the External Auditors report highlights no issues and the required audit documentation has been published on the website. I note that the AGAR forms have had the wet signatories redacted and I recommend that this practice ceases.
- Protected Rights 2021 - the process has been followed correctly and the form has been published.
- Year-end 31/03/2022 – the Clerk is currently overseeing the audit requirements and has confirmed understanding of the process. Care should be taken not to include bank account transfers in the AGAR figures. The Bank Reconciliation document as at 31/03/2022 states that it was prepared in 2021, this should be reviewed.

Summary

It is my opinion that the Council has proper practices in place which have been followed in order to reduce general risk. The Council also has some robust systems of internal control in place which it follows regularly. There are some recommendations noted within this report which, if actioned, will help support the lowering of risk further.



Alison Marshall May 2022

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