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To: Morebath Parish Council

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Internal Audit Report 2017/2018 for Morebath Parish Council (version 2)

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 Morebath 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 been made aware that a new Clerk was employed by the Council in March 2018. My findings for this report have, therefore, largely been based on the work of the previous Clerk.
- The Councils Financial Regulations were reviewed in May and September 2017 and are in order.
- The Councils Standing Orders were reviewed in May 2017 and are in order.
- A standard Code of Conduct is in place and I recommend that this is personalised to the Parish Council and that a date of adoption be noted on it.
- The Transparency Code applies, as the Councils annual turnover is under £25,000, and a website is in place as is required. A Certificate of Exemption can be considered by the Parish Council this year in order that an External Audit will not need to take place and this is as a result of the new Transparency Code to which the Council must currently comply. The new Clerk has confirmed understanding of the Transparency Code requirements.
- The website is in need of updating and I understand that the new Clerk is due to attend training to correct this matter.
- The new Clerk has confirmed understanding of the new General Data Protection Regulations and I recommend that the Council ensures that the requirements are carried out.

Payment Control

- I have cross checked invoices to the Accounts and bank statements from April – August 2017 and have found no issues within this area.
- I have reviewed the Accounts to the end of September 2017 end which appear to be in order. I cannot comment as to the Accounts after this date.
- VAT was last re-claimed in April 2017 and I recommend that claims are made annually.
- No petty cash is held, no borrowing is in place, Internet Banking is not used - no checks required.
- Section 137 rules appear to have been adhered to within the Accounts seen.
- There are currently four authorised signatories which would appear adequate.

Risk Management and Budget Control

- There is a Risk Management Scheme in place which appears to be in order.
- The Council's General Insurance Policy has not been reviewed (as at May 2018) and I recommend that the new Clerk, with the Council, checks that the document is in order as soon as possible.
- A budget document has been produced from which the annual Precept has been correctly set by full Council. The Minutes have been documented accordingly.
- There is no Anti-Fraud and Corruption Policy in place and I recommend that one be considered.
- A 2017 Statement of Internal Control is in place and I recommend that this is reviewed annually.
- IT backup has been completed by USB stick and I recommend that back-ups are kept off-site for additional security.
- Agendas and Minutes are well written, easy to understand, and are in good order.
- The Council is correctly registered with the Information Commissioners Office as is required.

Payroll

- Payroll has been dealt with in-house, by the Clerk, over the past year and no issues have been identified with the processes used. I understand that payroll has now been outsourced.
- The Council has been correctly registered with the Pensions Regulator and the new Clerk will need to update these records which the Council, as Employer, should ensure that this has been done.
- Contracts of Employment have been evidenced for both the previous Clerk and the new Clerk, as is required, and I recommend that annual employment reviews take place if not already arranged.

Asset Control

- The Council's Asset and Investment Register appears to be up to date and in order.
- I cannot confirm that all the Council's Assets are covered by its general Insurance policy and so I recommend that this matter is reviewed as soon as possible.

Bank Reconciliations

- Regular Bank reconciliations have been produced by the Clerk and agreed by the Council evidencing good practice.

Year End

- The Accounts to 31/03/2018 are being completed and the Annual Return is being addressed.
- I have signed off the Internal Audit Report which is enclosed with this document.

Summary

I can advise that, within the areas checked as abovementioned, it is my opinion that Morebath Parish Council has good systems of control in place which, as a result, supports the lowering of risk to the Council. I would, however, request that the 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.