

Alison Marshall - Local Council Administration Services

Dinneford House, Dinneford Street, Thorverton, Devon EX5 5NU

t. 07801 575521 / 01392 861228 e. alisonmarshall.lcas@gmail.com

To: Modbury Parish Council

Date: 24th May 2019

Internal Audit Report 2018/2019 for Modbury 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 2019 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

- The Council has tested internal control systems regularly.
- The Financial Regulations were last amended in May 2018 and appear to be in order.
- The Standing Orders were last reviewed in May 2017 and appear to be in order and are due a review this year.
- A Code of Conduct is in place, updated April 2016, and is in order.
- The Transparency Code does not apply due to the Councils annual turnover being above £25,000.
- A good Website is in place and the Clerk, plus two deputies, have access evidencing good practice. I recommend that documents are uploaded to the Website in PDF format, and not Word, for security and ease of use reasons.
- It is good to hear that the Council will be at full Membership following the recent elections.

Public Funds

- Payment controls are in place and all payments are overseen by the Council regularly.
- Purchase and payment documentation cross checked to the Accounts was found to be in order.
- VAT requirements have been adhered to and the records are in good order. I note, however, that VAT from utility bills has not been reclaimed as the Accounts system cannot record charges lower than 20%. I recommend that the system be reviewed to ensure that future payments can be captured due to this representing public funds. I also recommend that de-registration is considered, due to the Councils reduction in turnover, so as to reduce the Clerks workload and time. One re-claim per year, for example, could then be considered rather than monthly returns/re-claims.
- Petty Cash – not held. Borrowing - none. Trusts - not applicable.
- The Accounts are kept up to date and in order. A separate record is kept for Section 137 payments and the funding appears to have been used correctly.
- The Accounts record the Receipts and Payments method as is required.
- A Grant Giving Policy is not in place and I recommend that this is considered.
- A Training Policy is in place representing good practice. I recommend that any new Councillor, or Chairman, attends training following the recent elections.

- 'Other' income, such as from the allotments, magazine advertising and grant funding received has been correctly accounted for.

Risk Management and Budget Control

- Risk Management Policy/Scheme is in place and appears to be in order.
- A Statement of Control is in place and is in order.
- The annual general Insurance policy has been regularly reviewed and is in order.
- The January 2019 budget document is in good order and has been used to set the Precept.
- The annual Precept has been set by Full council and is adequately recorded within the Minutes.
- Reserves appear to be in order for the size of the Council and an adequate listing is held.
- IT and Website backup is completed regularly and I recommend that the Council oversees this.
- Meeting Agendas are in order other than they do not appear to be dated meaning that the statutory 3 clear days' notice cannot be evidenced. I recommend that future Agendas are dated on the day of issue. Councillors are correctly 'summonsed' to meetings.
- Meeting Minutes are in good order and decisions have been recorded appropriately.
- Annual membership of the Information Commissioners Office (ICO) has been confirmed.
- The 2018 General Data Protection Regulations update has been adhered to and a Privacy Notice and Policy is in place. A Publication Scheme, Anti-Fraud and Corruption Policy and a Complaints Policy are also in place, as would be expected, which evidences good practice.
- Several Committees are in place and Agendas and Minutes appear to be in order. It is worth noting that any Committee not needing delegated powers could become a Working Group meaning that Agendas, Minutes, and meetings open to the public would not be required. This could save on Clerk time.

Employment

- The Clerk is the only employee and there is a Contract of Employment in place.
- PAYE is dealt with in house and no issues were identified with the records. Tax is now paid quarterly.
- Staff appraisals and pay reviews take place annually, as is expected, and salary increases have been documented as is required.

Asset Control

- The Councils Asset and Investment Register, restated in May 2018, evidences what seems to be high acquisition values. I note that Palm Cross Green was 'gifted' to the Council but that a value of £50,000 has been input against this asset instead of the expected £1 for a gifted asset. Justification for this is known and so I recommend that the document is noted accordingly. I have provided the Clerk with notes on the workings of an Asset Register, for information purposes, and suggest that these notes are applied to the existing Asset Register and that any resulting amendments are documented accordingly.

Banking and Bank Reconciliations

- Bank reconciliations are produced at least monthly and are circulated to Council. Full checks are made by the Council on a quarterly basis which evidences good practice.
- All cheque book stubs reviewed have been correctly initialled by two Councillors.
- Authorised signature numbers are due for review following the May elections.
- Internet banking is used occasionally and the process used appears to be in order.

Year End

- The completed 2017/2018 Audit Return documents evidenced no issues of concern from the External Auditor, which was pleasing to see.

- The year-end documents, to 31st March 2019, are being prepared and the Clerk has confirmed full understanding of the Audit requirements. Due to my findings I have been able to sign off the Internal Audit Report of the AGAR indicating no matters of concern.

Summary

I can report that, within the areas checked, it is my opinion that Modbury Parish Council has robust systems of internal control in place so as to support the lowering of risk to the Council. There are, however, a few areas which require attention and these have been highlighted within this report. I recommend that the Council takes time to consider these highlighted areas which have been provided to support future risk and internal control management.

I would like to add that it is apparent that the Clerk has worked hard over the past couple of years to get the Council's documents in good order. The improvement over the past year has not gone unnoticed.