

# Alison Marshall. - Local Council Administration Services

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To: Dunchideock Parish Council

Date: 5<sup>th</sup> June 2017

## **Internal Audit Report 2016/2017 for Dunchideock Parish Council**

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 2017 Internal Audit for Dunchideock 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**

1. I have tested that the Council has checked internal systems regularly and no issues have been identified.
2. The Council does not currently have Financial Regulations in place, although I understand that this is being addressed by the new Clerk, and I strongly recommend that this situation be corrected as soon as possible.
3. The Council does have Standing Orders in place, last reviewed in May 2015, and I understand that these are also being reviewed by the Clerk currently. I recommend that the National Association of Local Councils (NALC) Standing Order template be considered for adoption which correctly details all the mandatory statutory regulations in bold print which is not currently being seen.
4. Transparency Code: The Council, due to its annual turnover, needs to comply with this new Code and I understand that Government funding has been obtained in order to help with this. Whilst a website is in place I note that the Clerk is not the manager of it, as would be expected, and I recommend that the Clerk be trained on how to post and delete documents on the website as soon as possible. The Clerk has demonstrated awareness of the documents needing to be on the website, backdated to 01/04/2015, and is working towards satisfying this.
5. Meeting minutes are of a good standard and are easy to read.
6. Meeting agendas are of a good standard and document the business to be transacted by the Council.
7. The Accounts are easy to understand, appear to be in order, with the 'receipts and payments' method correctly used.

### **Payment Control**

8. Payment controls appear to be in good order and have been regularly reviewed by the Council.
9. Purchases have been well documented, have accompanying invoices, and are covered by relevant Legal Powers.
10. VAT has been identified correctly and regular re-claims have been made and credited.

11. There is no petty cash handling to review.
12. Section 137 funding is not generally used by the Council but a separate column within the Accounts has correctly been accommodated.
13. There are currently no loans to the Council.
14. There is no Statement of Internal Control in place currently and I recommend that this be considered.
15. Internet banking is not currently used.
16. There are currently three bank signatories in place and as two signatories are required at any one time I recommend that more signatories be added to the bank mandate. On reviewing the most recent cheque book stubs I am pleased to advise that all have been correctly initialled by two signatories.

#### **Risk Management and Budget Control**

17. The Council has a good Risk Management Schedule in place.  
Adequate general Insurance is in place, renewal due 1<sup>st</sup> June, which is being reviewed by the Clerk.
18. A budget has been produced by the Clerk and has correctly been used by the Council to set the precept. Details of the precept setting have been documented within the relevant meeting minutes.
19. Reserves, at nearly £7,000., could be seen as being quite high for the size of the Council. I recommend that this is considered when setting the next precept and especially as no 'ring-fenced' funding has been identified or documented.
20. An Anti-Fraud and Corruption Policy is not currently in place and I recommend this be considered.
21. Complaints, Freedom of Information and Data Protection Polies, will be considered at the May meeting of the Council and I recommend that such documents be adopted by the Council as would be usual.
22. The computer data is backed up to a USB stick and I recommend that this be kept apart from the computer and that the Council regularly checks on Data Protection requirements for which it is responsible.
23. The Council is correctly registered with the Information Commissioners Office for Data Protection.
24. The Council has a Code of Conduct in place which should be reviewed annually.

#### **Payrol**

25. Payroll is dealt with by the Clerk, by way of the HMRC PAYE system, and although system issues have been experienced the latest applications appear to be in order.
26. A Contract of Employment is in place, the Clerk is correctly 'employed', and the Council is the 'employer'. I recommend that annual staff appraisals/pay reviews take place in accordance with the Contract. The new Clerks appointment has been correctly minuted within the relevant meeting minutes

#### **Asset Control**

27. There is an Asset Register in place at the moment but this is in need of review and updating. The Clerk has confirmed understanding of requirements in this respect and will address the shortfalls. I recommend that the Council reviews the updated document within the next two months for accuracy.
28. The current general Insurance policy appears to cover the assets adequately.

#### **Bank Reconciliations**

Regular Bank reconciliations have been produced by the Clerk and agreed by the Council – no issues have been identified within this area.

#### **Year End**

The Accounts to 31/03/2017 have been finalised and the Annual Return is currently being addressed. The External Auditors Report from last year has been reviewed with the Clerk who has confirmed understanding of the feedback and of this year's requirements. I have signed off the Internal Audit Report indicating no matters of concern.

**Summary**

I am pleased to be able to advise that, within the areas checked as abovementioned, it is my opinion that Dunchideock Parish Council has effective 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 are considered by the Council, at its earliest convenience, as they have been provided to support future risk and internal control management.

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Items highlighted in the Audit	
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Whilst a website is in place I note that the Clerk is not the manager of it, as would be expected	
There is no Statement of Internal Control in place currently and I recommend that this be considered.	
I recommend that more signatories be added to the bank mandate	
An Anti-Fraud and Corruption Policy is not currently in place and I recommend this be considered.	
Complaints, Freedom of Information and Data Protection Polies (spelling error in original)	
There is an Asset Register in place at the moment but this is in need of review and updating	