

### Local Council Administration Services

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### INTERNAL AUDIT REPORT 2019/2020 FOR AVETON GIFFORD 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 April 2020 Internal Audit for Aveton Gifford 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.

1.0	STANDARD DOCUMENTATION		
	Auditor's points	Response	Done
1.1	<u>Financial Regulations</u> - in place, dated April 2015, but the document requires updating. I recommend that the document is reviewed and updated as a matter of priority.	OK – Clerk to review and produce update	
1.2	<u>Standing Orders</u> - in place, not dated, and the document requires updating. I recommend that the document is reviewed and updated as a matter of priority. The statutory requirements should be listed in bold type.	OK– Clerk to review and produce update	
1.3	<u>Code of Conduct</u> - in place, dated July 2012, and appears to be in order.		
1.4	<u>Website</u> - the Council currently uses the community website to publish its meeting minutes and agendas. There are no other Council documents on the site for public view which is highly unusual. Whilst the Council's current annual turnover figures are above £25,000., meaning that it does not, by law, have to publish more documents than this, I would question as to why it would not want to? A Council's aim is to serve the community and the funding it spends comes largely from the public purse. I recommend that the Council considers being more transparent with documentation and that it considers a website of its own or, alternatively, that more documents are uploaded to the current site and as a matter of priority. The Clerk should be given the ability to upload documents to the chosen site, on behalf of the Council, to ensure that statutory timescales are adhered to.	Councillors to consider	
1.5	<u>Council membership</u> — the Council is not currently at full membership which, I understand, will be corrected at the next full meeting of the Council. I recommend that the Council oversees this matter to ensure full numbers are met as soon as possible.	Done	
1.6	<u>Petty cash</u> — not used.	No action needed	
1.7	<u>Trusts</u> — not applicable.	No action needed	

2.0	<b>PUBLIC FUNDS</b>		
2.1	<u>Payment controls</u> - in place and appear to work well. Receipts and payments are recorded within monthly minutes but do not appear on monthly agendas. I recommend that this matter is addressed in order that the public can view the payments in advance of the meeting, as would be usual.	Clerk to action	
2.2	<u>Purchase and payment documentation</u> — items cross checked to the Accounts appeared to be in order.	No action needed	
2.3	VAT re-claims have been evidenced. It was noted, however, that the Council has purchased a new pavilion for the local tennis club and that the tennis club has repaid the Council the net value of the purchase, less VAT. The Council has then reclaimed the VAT. Whilst the land is owned by the Council the pavilion is not and so, in my opinion, the VAT rules and regulations have not been adhered to. I recommend that the Council reviews the VAT rules and regulations, seeks advice if felt necessary, and corrects any mis-claim.	Not agreed – the tennis pavilion is clearly a council asset and is recorded as such	
2.4	<u>The Accounts</u> - kept up to date and attended to regularly. A separate column for Section 137 spending is evident.	No action needed	
2.5	<u>Section 137</u> - used by the Council and it is evident that spending has taken place where Section 137 should have been used but has not. An example of this is the donation to the local shop which, in my opinion, should have been placed under S137. I recommend that the Council revisits the 'powers' under which a Council can spend public funds to ensure that, in future, a 'power' is in place prior to any spending decisions being made. If no 'power' is in place then spending under Section 137 can be considered and, if this route is used, the meeting minutes and Accounts should be noted accordingly. Section 137 funding limits apply. The Accounts should be corrected in this regard.	This a little obscure, Clerk to investigate.	
2.6	<u>Quotations</u> - not always obtained when required and in accordance with the Council's rules and regulations. An example of this is the spending of funds on the mooring posts where '2 or 3 quotes is required for spending over £1,000.' I strongly recommend that the Council revisits its rules and regulations as a matter of priority and that the number of quotes required, and obtained, is recorded within the meeting minutes going forward so as to evidence compliance.	It is often difficult to get quotes from different contractors because there are simply not the skills available	
2.7	<u>Borrowing</u> - ongoing and the paperwork evidenced appears to be in order.	No action needed	
2.8	<u>Other income</u> , such as from the allotments, the swimming pool and magazine advertising, has been accounted for.	No action needed	
2.9	The Accounts correctly record the Receipts and Payments method.	No action needed	
2.10	<u>Car Show funds</u> — there does not appear to be any document in place setting out the terms of this	Not agreed	

	agreement and I would raise a question as to whether the Council should be holding these funds in a separate account, as they are not owned by the Council as I understand it. I recommend that an Agreement is set up, as a matter of priority, and that the Council considers whether these funds should be held in a separate bank account. The Council should also ensure that no VAT is claimed back from purchases made from these funds.		
2.11	<u>Committees</u> — I have been advised that there are no Committees in place at the current time.		
3.0	<b>MANAGEMENT AND BUDGET CONTROL</b>		
3.1	<u>Risk Management Scheme</u> - in place, dated April 2015, and so is in need of a review. This document should be reviewed by the Council annually and the review date noted on the document. I recommend that this takes place as soon as possible.		
3.2	<u>Statement of Internal Control</u> — a document is in place, dated May 2015, and so needs updating. This document should be reviewed by the Council annually and the review date noted on the document. I recommend that this takes place as soon as possible.	Clerk to draft	
3.3	A general <u>insurance policy</u> is in place and I would remind Council that an inclusion for Fireworks may be applicable.	Clerk specifically notifies insurers of fireworks each renewal	
3.4	A <u>budget</u> document is in place and has been used to determine the annual Precept figure. The Precept information has been appropriately documented within the minutes of a full Council meeting.	No action needed	
3.5	<u>Reserves</u> - appear to be in order.	No action needed	
3.6	<u>Data Protection Privacy Notice, Freedom of Information Scheme, Complaints Policy</u> — none of these documents appear to be in place, as would be expected. I recommend that these documents are put in place as a matter of priority.	Clerk to draft	
3.7	<u>IT backup</u> - completed by way of USB sticks kept off site, which is appropriate.	No action needed	
3.8	Meeting <u>Agendas</u> - in order and Councillors are correctly summonsed to full meetings. The statutory three days clear notice, between the issue of the agenda and the meeting, has not always been adhered to. I recommend that the Clerk reviews the rules relating to this area and that the Council oversees the matter going forward.	Not agreed, agenda always go out at least three days before a meeting.	
3.9	Meeting <u>Minutes</u> - brief but informative, note that matters arising' is still being used, against the recommendation of the National Association of Local Councils, and I recommend that the Council ceases use of 'matters arising'		
3.10	Annual membership of the <u>Information Commissioners Office (ICO)</u> has been confirmed.	No action needed	
3.11	<u>CCTV</u> — it is noted that dummy CCTV cameras are in place but that there is no CCTV Policy. I recommend that a policy is considered.	Clerk to draft	
4.0	<b>EMPLOYMENT</b>		

4.1	The Clerk is the only employee and a Contract of Employment is in place.	No action needed	
4.2	PAYE is outsourced and the paperwork viewed appears to be in order. No pension applicable.	No action needed	
4.3	Pay reviews take place annually and pay increased have been recorded within the Minutes.	No action needed	
5.0	<b>ASSET CONTROL</b>		
5.1	The Councils Asset Register was last reviewed in September 2019 and appears to be in order	No action needed	
6.0	<b>BANKING AND BANK RECONCILIATIONS</b>		
6.1	Monthly bank reconciliations have been produced and agreed by the Council.	No action needed	
6.2	Authorised signatories currently stand at 4, which appears to be appropriate.	No action needed	
6.3	The Clerk oversees the on-line banking process and the Council signs off all monthly payments. This process appears to work well.	No action needed	
7.0	<b>YEAR END</b>		
7.1	The 2018/2019 External Auditors Report and Certificate raises a point with regards to an historic issue with the transposing of the loan balance figures on the AGAR Section 2 document. The Council needs to address this matter within its records, as has been requested, if not already done.	Obscure, why bother, but can do	
7.2	The year-end Accounts, to 31/03/2020, are being prepared and full understanding of the Audit process has been confirmed by the Clerk.		
7.3	<b>Public Rights</b> - in order.		

Summary I can report that, within the areas checked, it is my opinion that Aveton Gifford Parish Council has some good systems of internal control in place, however, there a lot of highlighted areas within this report that require immediate attention. The recommendations listed have been made in order to support the lowering of risk to the Council and also to support future risk and internal control management. It is disappointing to see that recommendations made in previous years have not been addressed or referred to in Council meetings.

**Alison Marshall — Local Council Administration Services**