

June 9, 2021

Millbrook Parish Council Internal Audit Report 2020/2021

Testing was carried out using sampling where appropriate and covering a range of financial, risk and governance assessed as appropriate for a council of this size and complexity. The findings are reported below:

✓ Governance and Control

All councils of whatever size are required to annually prepare and consider:

- A general and financial risk assessment covering the council's activities.
- A statement of internal control.
- Annually review any charges for services whether or not they are increased and record this in minutes.

Councils should ensure compliance with the new rules regarding General Data Protection Regulations (GDPR), which came into effect in May 2018.

Councils should have in place and periodically review:

- Standing orders for the conduct of council meetings are required by law and should be periodically review and changed to reflect current legislation.
- Financial regulations for the control of its financial administration are required by law and should be periodically reviewed for either changes in legislation or internal control procedure changes.
- Any Council moving away from 2 cheque signatories by Councillors and utilising online banking, should have procedures and controls in place to establish appropriate safeguards.

Generally satisfactory, however, the Financial Regulations were not reviewed during the audit year.

The clerk confirmed that appropriate arrangements were put in place to mitigate difficulties for the council because of the Covid-19 pandemic.

✓ Precept, Budgets and Reserves

The precept was agreed to the minute setting the precept, the principal authority tax collecting authority records. The receipt was traced and agreed to bank and cash book records. The precept was set after consideration of a budget and consideration of an appropriate level of free reserves (the General Fund) which is generally accepted should lie between 3 and 12 months' expenditure.

Satisfactory. It was noted that the balances in hand are increasing year-on-year, although there are earmarked reserves, the council should continue to monitor this situation.

✓ **Other Receipt or Income**

A sample of other receipts were tested to ensure that, as appropriate:

- That grants and interest were correctly recorded in the cash book and agreed to bank statement
- Chargeable services were correctly and promptly charged to the beneficiaries of those services and that arrangements were in place to pursue late payment.

Generally satisfactory, but see below for matters arising from the overview of parish council burials.

✓ **Staff Cost**

Testing was carried out as appropriate to ensure that:

- Rates of pay were as approved by Council.
- Additional hours worked were approved and supported by time records.
- Employees are paid in accordance with contractual obligations and on the correct pay date.
- Employees have a written statement of principal terms and conditions.
- That PAYE and NI are operated and paid promptly.

The council have actioned a re-structuring exercise during the year and it is recognised that the Covid pandemic has resulted in the need for more flexible and home working. Satisfactory with no further issues.

✓ **Payments including Bank and Petty Cash**

A sample of payments were tested as appropriate to confirm:

- Payments are made in accordance with financial regulations
- Payments are supported by invoice, receipt, expense claim, petty cash voucher or other appropriate documentation.
- Grant payments are subject to a proof of need assessment, are required to be evidenced as spent for the approved purpose, and unless having the general power of competence are made within permitted powers.
- Cheque payments are promptly cleared.
- Where payments are made other than by cheque with 2 councillor signatories the council has considered and actioned the requirements of appendix 10 of Governance and Accountability and have documented the process followed and annually review the control of wider definition "money".

Generally satisfactory, subject to the following:

- ***To assist with the reconciliation of bank statements, the clerk agreed to ensure that voucher numbers are to be added to bank statement entries.***
- ***It is recommended that all car-parking income is banked and some cash not utilised for petty cash purposes. Whilst, no errors were found in the accounting of the petty cash, this is generally not considered good practice.***

✓ **Insurance**

Insurance cover was reviewed as appropriate to confirm

- Adequate Fidelity Guarantee cover in place
- Range of cover in place has been reviewed at renewal and this has been recorded in the council minutes
- By sample test that assets other than land that appear on the Fixed Asset Register are insured or if not that there has been a decision not to cover them (for example because the excess is greater than the asset value insured).

Satisfactory, no issues arising.

✓ **Fixed Assets**

Tests were carried to confirm as appropriate

- fixed asset register is up to date
- additions have been correctly identified and a system exists for the identification of fixed assets
- that the disposal by scrapping, selling or part exchange of assets has been approved by council
- that where an insurance value has been used as the cost of an asset was unknown that the value is not increased as the insured value increases.

A considerable amount of work has been carried out to update the asset register in line with the Practitioners Guide. The register would also benefit from details about the location and storage of deeds and licences. The council may also consider if all their property has been registered with the Land Registry.

✓ **Burials**

An overview of burials confirmed that despite a reduction in the number of burials in the year, there was an increase in income. It was further identified that:

- ***There had been no review of burial charges since 1/6/2013. The council should review the charges annually, even if charges are not increased.***
- ***There is a charge shown for grave digging, but this is not a function carried out by the council.***
- ***Terms and conditions should be established for the burial ground, to include that it is necessary to purchase the grave in order to have a second burial, re-open the grave or erect a memorial.***
- ***Burial registers should be updated promptly as they are statutory records.***

A further more detailed review will be carried out at the next audit.

Please provide copies of the signed and authorised AGAR forms once this has been completed, refer to the audit checklist and request clarification if necessary.

Many thanks for your assistance in the completion of the audit.

Kind regards
Julie