

June 15, 2023

Swimbridge Parish Council Internal Audit Report 2022/2023

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 under £25,000 turnover are legally required to publish on a website information required by the Transparency Code for Smaller Authorities 2014

- Website disclosure of information is required for those whose turnover is below £25,000.

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.

The council website requires updating. The Annual Governance and Accountability Return (AGAR) and associated documents for 2020/21 have not been published, (only the Certificate of Exemption) neither has the Internal Audit report and the Notice of Public Rights for that year.

For 2021/22 only the Governance and accounts sections of the AGAR have been published, with no internal and external audit certificates. The council is therefore non-compliant with the Transparency Code.

The website should be updated with current policies and risk assessment, which are reviewed and adopted by the council annually. There is no evidence of GDPR compliance.

No evidence or discussion ensued during the audit year concerning historical items of importance being stored in a fireproof cupboard/safe. This matter was also identified at the last audit.

A paper copy that confirms that public rights for the 2021/22 accounts were exercised was not on the council website.

✓ **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. No issues.

✓ **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

Satisfactory. No issues.

✓ **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.

North Devon Council Payroll Team process the payroll transactions.

Generally satisfactory, however, a summary of the payments to show any deductions or payments to HMRC should be requested from the Payroll Department to assist with the reconciliation of the accounts.

✓ **Payments including Bank**

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 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 two 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".

A reconciliation of the figure received in February 2023 for VAT should be prepared to ensure that the additional VAT of £109.50 from 2021/22 has been claimed. Other amounts to reclaim for 2022/23 have been highlighted to the clerk. Invoices where VAT is reclaimed should be in the name of the parish council.

Where accounts are reviewed as part of a grant application to the Council, this should be minuted along with the councillor's decision establishing the "need" for any grant.

✓ **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.

✓ **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

The asset register should be reviewed in line with the Practitioners Guide, to include basis of valuation, acquisition date, disposals, whereabouts of deeds or licences etc. The play equipment should be expanded to provide more detail.

In addition, the new signs and Air Ambulance site equipment highlighted at the last audit should be added to the asset register at cost and the figure in box 9 of the AGAR amended as necessary.

All amendments are required to the AGAR, section 2 figures. These should be inked in and appropriately initialled.

Please refer to the audit checklist and request clarification if necessary.

Kind regards

Julie