

July 2, 2020

Fremington Parish Council Internal Audit Report 2019/2020

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.

Satisfactory. The clerk provided information regarding arrangements put in place to mitigate difficulties for the council as a result 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. 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.

A detailed review was carried out on records relating to transactions at the Burial Ground. It was found that entries in the Burials Register (statutory record) are not always in date order, but are actually in receipt order. This should be corrected immediately.

In the Grave Space Register (statutory record), there is no purchase grave number or date. Second burials, reopenings and memorials require the grave to have the exclusive rights purchased. The relevant entries should be made as soon as possible and this requirement should be made clear on the scale of charges and terms & conditions for the burial ground.

✓ **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.

There was a significant increase in the level of expenditure in 2019/20, which arose from additional staffing due to maternity leave cover. The payments are supported by appropriate documentation.

The council are currently progressing a re-structuring exercise that will be effective in 2020/21.

✓ **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".

The totals of payments approved by the council at meetings is satisfactorily minuted, but the lists are not always attached to the official and retained meeting minutes. It is a council requirement that two approving councillors should initial all payment lists.

The council may wish to review the need for a storage unit.

✓ **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).

Generally satisfactory, however the Fidelity Guarantee cover in place is only £150,000 but the indicative level of cover suggests £289,000. Action should be taken to increase the level of cover.

✓ **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 the whereabouts of deeds or licences. Amendments identified should be actioned.

The project summary and completion of the Beechfield Centre build is anticipated in January 2021. A review of the scheme will be carried out with the 2020/21 audit.

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

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

***Kind regards
Julie***