

May 30, 2022

Fremington Parish Council Internal Audit Report 2021/22

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, although all appropriate policies were updated during the year, the council website has not been updated with the most recent versions and the 20/21 AGAR does not include the external auditor signed certificate, although they noted no matters of concern.

✓ 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.

There is some duplication of paperwork and there may be potential to utilise the council's financial software to reduce any wastage. The EO agreed to review this matter.

See below for matters arising from the detailed review 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.

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, however, periodic review of contracts for services at council property be considered to establish value for money. Details have been discussed with the Executive Officer (EO). Payments in advance should be avoided.

A number of invoices attracting VAT have been incorrectly coded resulting in a potential loss of VAT. A sample of these have been identified to the EO for correction and the necessary amendments, reclaim and further checking should be initiated.

A procedure note for the council charge card should be prepared and the card holders made aware of the agreed terms of use.

✓ **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 out 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

Generally satisfactory, however it was noted that the following points, raised at the last audit, had not been progressed and require follow up:

- **Deeds and historical documents of note should be kept in fireproof storage. Any excess documents could be stored with the Devon Archives.**
- **Some deeds have still not been received by the council ie. cemetery extension 2015, Riverside properties 2020.**
- **Executive Office agreed to investigate if the Beechfield Centre should be registered with The Land Registry. Currently the only deed held relates to the Beechfield sports ground.**

✓ **Burials**

A review was carried out at this audit on records relating to transactions at the Burial Ground. It was found that a number of issues raised at the last audit had been satisfactorily actioned. These included changes to the Terms and Conditions and other cemetery documentation. Burial Register entries and the recording of grave purchase information are works in progress. No progress was recorded on the following:

- **There is no formal agreement or Terms of Reference between the parish council and the Cemetery Superintendent (Gaytons) who act as agents on behalf of the council at their burial ground. One should be established as a matter of urgency.**
- **There is a discretionary arrangement whereby some deceased non-parishioners are treated as parishioners if they have historically dwelt in the parish. This should be clarified, be transparent, consistently applied and included in the Terms and Conditions.**

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