

7 Ross Close
Pinhoe
Exeter
EX1 3UE

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Sejenkins40@aol.com

To: Buckland Brewer Parish Council

Internal Audit Report for the financial year ended 31 March 2020

I have completed the internal audit of the Council's systems of financial and other controls over its operating procedures and activities. Due to the current situation with Covid-19, the internal audit has been carried out remotely. Paper copies and electronic copies of all relevant documents and records have been provided by the Clerk. I have also had a telephone conversation with the Clerk to clarify certain points. The internal audit has been carried out in line with proper practice set out in the Governance and Accountability for Smaller Authorities in England (the Practitioner's Guide). For consistency and ease of reference, I will set out the report below in the same order as last year's report.

Standard Documentation

- Internal control systems are tested regularly
- Financial Regulations are in order and the Council may wish to review the document in line with the new Model Financial Regulations published in 2019
- Standing Orders are in order
- A Code of Conduct is in place and the Council may wish to review the document in line with evolving national guidance
- The website is clear and in good order
- The Council has worked to fill vacancies following the elections in 2019. Although the next election is some years from now, the Council may wish to promote local democracy to ensure that it can meet the criteria for using the General Power of Competence should it wish to adopt this in future years (ie. 2/3rds of members standing for election)

Public Funds

- Payment controls are in place, with payment schedules well set out, clear and easy to understand
- I considered a random sample of invoices/payments and a correct audit trail was found to be in place, although two of the cheques sampled had only one Member's initials/signature on the cheque stub
- The previous year's internal audit report highlighted payments which had been made to individuals where the Council had no statutory power to make such payments. The Council has addressed this by way of setting up the Education Support Fund and has given a grant of £100.00 for set up costs and a grant of £1,500.00 for the same purposes as the payments which were previously made to

individuals. I would like to draw to the Council's attention that there is no direct statutory power to support education (see the list of Powers and Duties of Local Councils on the DALC website). The Council would therefore need to make a grant to the Education Support Fund under S.137. Legislation states that any payments under S.137 must benefit all, or some of the community and expenditure must be commensurate with the community, ie. It would not be reasonable to spend most of the S.137 monies on a few individuals. When considering expenditure under S.137, the Council must have regard to the statutory limits in place during the financial year. A full explanation of S.137 expenditure is found in the NALC Legal Topic Note 31, particularly sections 3 – 18. There is clearly community support for the Education Support Fund and the Council is advised to review its remit and consider whether to widen its scope to include other aspects of education, eg. Informal, social or recreational education purposes for which the Council does have statutory powers. The Council could also provide the Education Support Fund with grants to assist with its own fundraising efforts

- VAT has been properly accounted for and re-claimed
- There is no petty cash or borrowing
- Receipts and payments have been correctly accounted for
- The Exercise of Public Rights notices are on the website and I recommend that the Council approves and minutes the actual dates for the exercise of public rights

Risk Management and Budget Control

- A risk management scheme is in place and was reviewed in 2019
- Insurance cover is considered to be adequate
- Annual budget documentation has been produced and the Council regularly reviews its progress against budget. The Council has implemented the recommendation of the 2019 internal audit and identified the precept amount in the minutes
- Reserves are adequate and clearly identified
- IT and website security are covered
- Minutes are clear and decisions easily identified. The Council may wish to review the level of detail in agendas to ensure that the purpose of agenda items is clear
- The Council is registered with the Information Commissioners Office
- The Council may wish to consider adopting a Complaints Policy as recommended in last year's internal audit report
- The Council has addressed the delegation of powers to its Committees and both Committees have terms of reference which were approved in May 2019

Employment

- The Clerk has a contract of employment and an appraisal and pay review takes place annually and is documented
- PAYE is evidenced
- The Council may wish to consider adopting a Training Policy for both the Clerk and Councillors

Asset Control

- The Asset and Investment Register is dated 31 March 2020 and tenants' names no longer appear as per the recommendation in the previous internal audit report

Banking and Bank Reconciliations

- Bank reconciliations are produced monthly by the Clerk and the existing banking processes appear to be in order

Summary of Recommendations

The following recommendations are made to assist the Council in future risk and internal control management:

- Review of Financial Regulations in line with the latest version of the Model Financial Regulations 2019
- Review of Code of Conduct pending any new national guidance
- Ongoing promotion of local democracy regarding the possible future adoption of the General Power of Competence
- Review of grants to the Education Support Fund, alongside a review of the scope/widening of the ESF and a review of S.137 expenditure levels
- Minuting of the dates agreed for the exercise of public rights
- Review of the level of detail in agendas
- Consider adopting a Complaints Policy and Training Policy

It is my opinion that, within the areas checked, the systems of internal control are followed and are effective, and accounting records are properly kept. I would advise that the Council should prioritise the review of its grant funding and S.137 expenditure to inform the next budget discussions.

It is good to see that the Council is supporting the Clerk with the CiLCA qualification and this will be of great benefit to the Council in its future support for and service to its community.

Thank you for appointing me to undertake this work.

Yours sincerely

Sarah Jenkins