

Belstead Parish Council

Internal Audit Report 2018/19 - Implementation of Recommendations

There were four recommendations and 22 comments included in the Council's internal audit report for 2018/19, dated 29 May 2019, prepared by Suffolk Association of Local Councils. The following steps were taken by the Council arising from these recommendations and comments which encouraged further action:

(REC01) There should be evidence that Councillors have seen the actual invoice/request for payments (initials), that they have authorised the payment (signing of the authorisation of payments to be paid lists – note this was only submitted for the March meeting) and that they have signed the relevant cheque stubs (initials). This is to protect the RFO as well as fulfilling an internal control objective to ensure the safeguarding of public money.

The presentation of a list of payments to be authorised was introduced by the Parish Clerk/RFO following his appointment in March 2019. In order to inform the Council's approval, two Members have since signed the breakdown at each subsequent meeting to confirm that they have been satisfied by the invoice documentation attached and endorsed the amounts being paid. The Parish Clerk/RFO has also checked at the time that the cheque stubs have also been initialled by cheque signatories. This recommendation was therefore implemented at the Council's meeting in May 2019.

This recommendation was implemented at the Council's meeting in May 2019.

(REC02) In accordance with Council's Financial Regulation 6.4 for payments settled by internet banking transfer, evidence should be retained showing which members approved the payment and that all payments made on the bank account are in accordance with the schedule as presented to council and signed by the two members who witness/authorise the payments being made. This not only protects the RFO but fulfils an internal control objective to ensure the safeguarding of public money.

Further to the information provided in the response to the previous recommendation, online payments have discontinued since the Parish Clerk/RFO's appointment in March 2019. It is therefore believed that no further action is necessary.

It is believed that no further action is necessary relating to this recommendation.

(REC03) In accordance with the Accounts and Audit Regulations 2015, Council should formally document the review of the effectiveness of its system of internal control on an annual basis which should include the consideration that its systems of internal controls are adequate, effective and wholly appropriate for the affairs of the Council.

The Parish Clerk/RFO will investigate an example of similar work carried out by another parish council for adaptation and update Members at the Council's meeting in November 2019. The appointment of a Member to lead on the undertaking of the review of the effectiveness of the Council's system of internal control will also be considered at the meeting in November 2019. The Parish Clerk/RFO recommends that the lead undertakes a review of the financial records during the final quarter of 2019/20 with the resulting findings presented to Members at the Council's meeting in March 2020.

A review of the effectiveness of internal audit was carried out by a lead councillor in February 2020 with plans for the Council to undertake a review of its findings at its meeting in March 2020. This item has been included as an item on the agenda of the meeting which will be recorded in the minutes. This recommendation will therefore have been implemented at the Council's meeting in March 2020.

(REC04) In accordance with Proper Practices, Council should ensure that it reviews the budget against actual expenditure regularly which will allow members early warning about the likelihood of a shortfall (or surplus) and helps them to decide what responsive action to take. The review of progress against the budget regularly throughout the year is one of the key stages in the budgeting process.

The presentation of income and budget and payments and budget reports was introduced by the Parish Clerk/RFO following his appointment in March 2019. The quarterly presentations commenced following a quiet period with activity to the end of August 2019 at the Council's meeting in September 2019. This recommendation was therefore implemented at the Council's meeting in September 2019.

This recommendation was implemented at the Council's meeting in September 2019.

(COM01) During the Council's annual review of its Standing Orders, Council might wish to refer to the Model Standing Orders produced by NALC in 2018 which take into account changes in legislation since those produced in 2013 – in particular Management of Information and Responsibilities under Data Protection Legislation - L04-18 Model Standing Orders refers.

There are plans for the review of Standing Orders to be considered at the Council's meeting in January 2020. Arrangements will therefore be made to make use of the up to date NALC model version issued in 2018.

Standing Orders were updated and reviewed, approved and adopted at the Council's meeting in January 2020. This matter was therefore addressed in January 2020.

(COM02) At its next review and for consistency, Council should look to adopt the NALC Model Financial Regulations of 2016 which reflect recent changes in legislation.

There are plans for the review of Financial Regulations to be considered at the Council's meeting in January 2020. Arrangements will therefore be made to make use of the up to date NALC model version issued in 2016.

Financial Regulations were updated and reviewed, approved and adopted at the Council's meeting in January 2020. This matter was therefore addressed in January 2020.

(COM03) In accordance with proper practices, Council is mindful that all authorities need to appoint an officer to be responsible for the financial administration of the authority in accordance with section 151 of the Local Government Act 1972.

The matter of the appointment of the Parish Clerk as the Responsible Financial Officer will be included on the agenda of the Council's meeting in November 2019.

The appointment of the Parish Clerk as the Responsible Financial Officer was approved at the Council's meeting in November 2019. This matter was therefore addressed in November 2019.

(COM04) To ensure that its Financial Regulations are tailored to the Parish Council, Council might want to consider removal of the alternative options for a council and in particular removing the square brackets, thereby eliminating ambiguity.

There are plans for the review of Financial Regulations to be considered at the Council's meeting in January 2020. Arrangements will therefore be made to remove any alternative options and square brackets originating from the model version.

Financial Regulations were updated and reviewed, approved and adopted at the Council's meeting in January 2020. This matter was therefore addressed in January 2020.

(COM05) Council might wish to note that it is the responsibility of Councillors to satisfy themselves that they have the appropriate legal power to incur expense and as such might wish to refer to the

exact power being used to ensure that all financial decisions or payments being made are in accordance with statute and the Council is not undertaking any decisions or payments that are ultra vires.

The presentation of a payments and budget report, which includes the statutory provision for each transaction, was introduced by the Parish Clerk/RFO following his appointment in March 2019. This matter was therefore addressed following the presentation of the report at the Council's meeting in September 2019.

This matter was addressed following the presentation of the report at the Council's meeting in September 2019.

(COM06) In accordance with proper practices Council might wish to consider minuting the fact that a Risk Assessment which identifies and assesses the key risks facing the authority has been carried out during the year under review.

There are plans for a Risk Assessment to be considered at the Council's meeting in November 2019. Arrangements will therefore be made to include its review and approval in the minutes of the meeting.

There are plans for the review and approval of a Risk Assessment at the Council's meeting in March 2020 and for this to be included in the minutes of the meeting. This matter will therefore have been addressed in March 2020.

(COM07) There is no evidence that the Council renewed its Annual Insurance in terms of cover provided throughout the year although it is noted that, at renewal, Council has commenced a 5-year long-term agreement.

Following a review by Members of the risks included in the insurance policy, Members approved the fidelity cover and overall insurance cover arrangements with a three-year term with the new provider from 1 October 2019 at the Council's meeting in September 2019. Arrangements were then made to include these events in the minutes of the meeting. This matter was therefore addressed at the Council's meeting in September 2019.

This matter was addressed at the Council's meeting in September 2019.

(COM08) Council should ensure that the documentation which is referenced in the internal control review (summary receipts/payments for the year to date with up to date bank reconciliation and corresponding bank statement) is provided for internal audit and that the minutes reflect that the review has found the assessment to be adequate and effective and appropriate for the affairs of the Council.

There are plans for a Statement on Internal Control to be considered at the Council's meeting in January 2020. Arrangements will therefore be made to provide appropriate supporting documentation for the internal audit for 2019/20 and to confirm in the minutes that the review found the assessment to be adequate, effective and appropriate.

There are plans for the review and approval of a Statement on Internal Control at the Council's meeting in March 2020 and for this to be included in the minutes of the meeting. This matter will therefore have been addressed in March 2020.

(COM09) There were no budget papers to support the budget being set submitted for internal audit.

There are plans for the budget for 2020/21 to be considered at the Council's meeting in November 2019. Arrangements will therefore be made for a draft budget to be included in a report to be presented to Members for review and approval.

A budget for 2020/21 was reviewed and approved at the Council's meeting in November 2019. This matter was therefore addressed in November 2019.

(COM10) There is no reporting of income at council meetings.

Confirmation of individual income transactions was introduced by the Parish Clerk/RFO following his appointment in March 2019. This matter was therefore subsequently addressed at the Council's meeting in May 2019. In addition, regular presentations of summary income received to date commenced at the Council's meeting in September 2019.

This matter was addressed at the Council's meetings in May and September 2019.

(COM11) The contract of employment was not seen at time of internal audit.

An update on the preparation of the contract of employment for the Parish Clerk/RFO following his appointment in March 2019 will be provided by the employment lead at the Council's meeting in November 2019.

A contract of employment for the Parish Clerk/RFO was reviewed, approved and signed at the Council's meeting in January 2020. This matter was therefore addressed in January 2020.

(COM12) Whilst there is no minute to state that the Asset Register has been reviewed during the year ending 31st March 2019 the Council has yet to sign off the Accounting Statements at which the Asset Register will be presented.

The Asset Register for 2018/19 prepared by the Parish Clerk was reviewed and approved by Members at the Council's meeting in June 2019. This matter was therefore addressed at the Council's meeting in June 2019.

This matter was addressed at the Council's meeting in June 2019.

(COM13) The RFO should consider undertaking a review of the items on the asset register versus the insurance document and report back to Council that a review of the insurance cover has been completed and appropriate insurance is in place to help manage the potential consequences of a risk occurring.

Following comparison with the asset register and a review of the risks included in the insurance policy, Members approved the renewal insurance cover arrangements from 1 October 2019 at the Council's meeting in September 2019. Arrangements were then made to include these events in the minutes of the meeting. This matter was therefore addressed at the Council's meeting in September 2019.

This matter was addressed at the Council's meeting in September 2019.

(COM14) To ensure good financial practice, Council might want to implement a system whereby the bank reconciliations are independently verified by a Councillor which not only safeguards the Responsible Financial Officer but also fulfils an internal control objective.

The independent verification and signing of bank reconciliations by two Members was introduced by the Parish Clerk/RFO following his appointment in March 2019. This matter was subsequently addressed at the Council's meeting in September 2019.

This matter was addressed at the Council's meeting in September 2019.

(COM15) Although the Council was a smaller authority with gross income and expenditure not exceeding £25,000 during the year 2017/18, it chose to submit its accounts for a limited assurance review.

The Council's option to approve exemption for a limited assurance review was explained by the Parish Clerk/RFO following his appointment in March 2019. The AGAR Part 2 Certificate of Exemption for 2018/19 prepared by the Parish Clerk/RFO was reviewed and approved by Members at the Council's meeting in June 2019. This matter was therefore addressed at the Council's meeting in June 2019.

This matter was addressed at the Council's meeting in June 2019.

(COM16) In accordance with instructions from the external auditor for 2017/18, Council has answered No to Assertion 4 of the Annual Governance Statement for 2018/19.

The first 10 working days of July were included in the period confirmed on the notice of public rights for 2018/19 by the Parish Clerk/RFO following his appointment in March 2019. This recommendation was therefore implemented when the public announcement was made in June 2019.

This matter was addressed when the public announcement was made in June 2019.

(COM17) To comply with the requirements of the Accounts and Audit Regulations 2015 for smaller authorities with either income or expenditure not exceeding £25,000, Council should ensure that it publishes the following on a public website: Certificate of Exemption; Annual Internal Audit Report 2018/19; Section 1 – Annual Governance Statement of the AGAR; Section 2 – Accounting Statements of the AGAR; Analysis of variances; Bank Reconciliation; Notice of the period for the exercise of public rights; and other information required by Regulation 15 (2) Accounts and Audit Regulations 2015.

The required suite of documents for 2018/19 was published on the Council's web site following the Council's meeting in June 2019 by the Parish Clerk/RFO following his appointment in March 2019. This recommendation was therefore implemented in June 2019.

This matter was addressed following the Council's meeting in June 2019.

(COM18) The matters arising from the Internal Audit Report were discussed at the meeting on 23rd May 2018 and agreement was forthcoming for the items mentioned to be attended to during the coming year: 1) Retention of supporting documentation - OUTSTANDING; 2) Review of cashbook spreadsheet formulas - COMPLETED; 3) Register with the ICO - COMPLETED; 4) Comply with requirements of Transparency Code - OUTSTANDING; and 5) Review of asset register to accord with proper practices - COMPLETED.

At the Council's meeting in October 2019, Members agreed to attend a team meeting in October 2019 to prepare an action plan with the assistance of the Parish Clerk/RFO in response to the receipt of the report following the Internal Audit for 2018/19. The action plan would then be presented for formal approval at the Council's meeting in November 2019. A review of the progress made would then take place at the Council's meeting in March 2020.

An action plan was reviewed and approved at the Council's meeting in November 2019. There are then plans to review the progress made at the Council's meeting in March 2020. This matter will therefore have been addressed in March 2020.

(COM19) Council might wish to review the documentation received from the external audit and noted the comments made by the external auditor.

The Council's option to approve exemption for a limited assurance review was explained by the Parish Clerk/RFO following his appointment in March 2019. The AGAR Part 2 Certificate of Exemption for 2018/19 prepared by the Parish Clerk/RFO was reviewed and approved by Members at the Council's meeting in June 2019. This matter was therefore addressed at the Council's meeting in June 2019.

This matter was addressed at the Council's meeting in June 2019.

(COM20) In accordance with the Local Government Act 1972 Schedule 12 para 41 (1), Council should follow guidance which states that loose-leaf minutes are consecutively numbered and initialled by the person signing the minutes at the time of signature.

The adoption of numbering on loose-leaf pages was introduced by the Parish Clerk/RFO following his appointment in March 2019. This recommendation was therefore implemented in 2019/20 at the Council's meeting in May 2019 when checks also commenced to ensure that the minutes had been correctly signed.

This matter was addressed at the Council's meeting in May 2019

(COM21) To ensure compliance with the requirements of the Transparency Code for smaller authorities, Council is aware that the following should be published on a public website for the year 2018/19 not later than 1 July: Internal Audit Report; List of Councillors and Responsibilities; Items of Expenditure Above £100 including recoverable and non-recoverable VAT; End of Year Accounts; Annual Governance Statement; and Asset Register, and that Agendas of Meetings; Associated Papers and Minutes should be published in accordance with the prescribed timescales as set out in the Transparency code for smaller authorities – December 2014.

The required suite of documents for 2018/19 was published on the Council's web site following the Council's meeting in June 2019 by the Parish Clerk/RFO following his appointment in March 2019. This recommendation was therefore implemented in June 2019.

This matter was addressed following the Council's meeting in June 2019.

(COM22) Whilst Council is taking steps to ensure compliance with the GDPR requirements, further input will be required from Council to ensure compliance with GDPR. Council should ensure that Privacy Notices have been uploaded onto the website. Council might wish to consider the completion of the following documents which will be needed to evidence compliance with legislation: Personal Data Audit - to ascertain the data the council is processing, what it is used for, where it is located and who has access to it; Data Protection Impact Assessment - which will provide a description of the processing and the purpose of the processing and identify any risks to the personal data, the rights and freedoms of individuals, and the measures and safeguards implemented to mitigate these risks; and Subject Access Request Policy & Subject Access Procedure Policy – both of which will provide the framework for dealing with requests from individuals who have the right to know what data is held on them, why the data is being processed and whether it will be given to any third party.

The Parish Clerk/RFO agreed to obtain examples of the GDPR documentation identified and previously used by another parish council. An update on the progress made on their adaptation would then be provided by the GDPR lead at the Council's meeting in November 2019.

Members discussed the progression of this matter during the course of the year. The Parish Clerk/RFO obtained examples of the GDPR documentation identified. However, following the resignation of the Member who had agreed to lead in this area, and a lack of success in the appointment of a replacement GDPR lead, the momentum of the planned progress was therefore challenged. This matter has therefore been partly addressed by the Council.