

INTERNAL AUDITOR'S REPORT FOR FIVEHEAD PARISH COUNCIL YEAR ENDING 31ST MARCH 2021

Annotations by Clerk in red italic

I have examined the financial and business records of the Parish Council for the year 2020/21. The audit coincided with the COVID-19 pandemic and consequential Council adoption of Emergency Operating Procedures (20 March 2020). On the 4th April 2020, the government introduced the Local Authorities Coronavirus (Flexibility of Local Authority Meetings) (England) Regulations 2020, to allow local councils to meet remotely. On the 21st April 2020, Fivehead Parish councillors agreed to online meetings only when key decisions needed to be made, with all other matters being covered by the Emergency Operating Procedures and correspondence. Fivehead Parish Councils Emergency Operating Procedures and Virtual Meeting Protocol During Covid 19 Pandemic was drafted and adopted at minute 3125 on the 4th May 2021. Subsequently the council held all of their meetings online. In keeping with the governments measures to restrict and control the spread of the virus, as well as minimising the risk to the individuals concerned with the audit, all the documents reviewed were supplied in electronic format.

During the course of the reporting year, the Parish Clerk and Financial Responsible Officer resigned and was replaced in Sep 2020, with a handover period to allow for training and mentoring of the incumbent.

POLICIES AND PROCESSES GENERAL – for the purpose of this audit the following documents were reviewed:

1. Monthly meeting minutes including extraordinary meetings.
2. Interim Finance Reports for each month.
3. Monthly Bank Reconciliations.
4. Monthly Bank Statements.
5. The Approved Budget.
6. Council Daybook.
7. Finance Statement as at 31 March 2021.
8. Summary of Balances.
9. Asset Listing.
10. AGAR Pt 2 for FY19/20.
11. AGAR Pt 3 for FY20/21.
12. Annual Review of Effectiveness of the System of Internal Control for the Year Ending 31 March 2020.
13. Risk Management Report FY20/21 - correct to 31 October 2020.
14. Financial Regulations May 19.
15. Code of Conduct Nov 19.
16. Standing Orders Nov 19.

FINANCIAL RECORDS REVIEW – the council have managed to keep a close control and oversight of the financial records despite remote working and meetings, due in no small amount to the ability to

manage payments electronically through their internet banking and also due to the checks and balances created through the daybook. Oversight has been maintained with the monthly financial reports and bank reconciliations signed off by the chair and nominated council member for internal audit.

The council does not operate any forms of transaction with petty cash and therefore this was not covered within the scope of the audit.

Two minor matters worthy of note:

1. Financial Regulations 2.2 - The member shall sign the reconciliation and original bank statements. The bank reconciliations for the 1st Mar and 31st Mar were not signed on the original bank statements. ***Agreed – hard copies signed retrospectively at Council meeting (24/6/21) Min 4138a/i***
2. Financial Regulations 4.2 - No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the council, or duly delegated committee.
 - a. Minute 3128 (v)b Resolved to purchase a Protected Species Report from Somerset Environmental Records Centre. This resulted in an overspend on the budget line that was not approved by council, but only noted by the clerk. ***Agreed - error***
 - b. Minute 3181 included a payment to SALC for affiliation fees that resulted in a minor overspend that was not approved by council, but was noted in the daybook. ***Agreed - error***

ASSET REGISTER – much work has been carried out and advice sought by the council with regard to insurance cover being adequate for the council assets. Whilst one or two matters are still ongoing I think that the council has provided assurance that their current level of insurance cover is sufficient and plans are in hand to review these levels in the future

Some of the consumable assets have been disposed of, laptop and printer, these should be removed from the asset register. ***Clerk to update and present to Council for approval, Min 4138a/ii***

The copy of the Protected Species Report from Somerset Environmental Records Centre should be added to the asset register and the asset register valuation amended accordingly. ***Clerk to update and present to Council for approval, Min 4138a/ii***

STANDING ORDERS - I have the following observation with regard to Standing Orders:

1. Section 1 of Standing Orders - Rules of Debate at Meetings - is not reflected in the Index. ***Clerk to add to review due by 30 Sept 2021, Min 4138a/iii***
2. Standing Orders para 3m and n - duplication. ***Clerk to add to review due by 30 Sept 2021, Min 4138a/iii***

COUNCIL MINUTES – I have the following observations on the councils minutes:

1. Council minutes jumped from 3199 to 4000 dated 2nd Nov 2020. ***Resolution: to agree the error in minute numbering and note that minutes from 3200-3999 were missing, Min 4138a/iv***

2. With regard to planning matters the council minutes regularly state that 'it was agreed unanimously'. I would suggest that with regard to planning matters a for or against vote should be held and if further action is required, then a resolution should be made with regard to the further action. If it is the case that the council feel that there is insufficient evidence on which to base a vote, then it would be acceptable to state that the council agreed unanimously to seek further information. ***Council to implement from July meeting 2021 onwards, Min 4138a/iv***
3. Throughout the council minutes there are examples of statements, 'it was agreed', 'members agreed'. It is my opinion that some of these statements required a resolution, especially with regard to financial issues.
 - a. Minute 3190 l - Members were all in agreement to oppose the Planning White Paper. ***Agreed - error***
 - b. Minute 4021 d - Members agreed that advertising rates would not be increased for 2021. ***Agreed - error***
 - c. Minute 4098 b - An update had been received from the printer of the Parish Magazine, explaining that a price increase would take effect from April 21. This had been budgeted for , but there would be a very small overspend for this (c£5) by year end. Members agreed unanimously that this was a fair increase. ***Agreed – for best practice***

The last example is particularly relevant as it had a financial impact on the precept and was an opportunity for the council to approve the overspend too. Note: in the event there was no overspend on this budget line.

Section 1b of Standing Orders - Rules of Debate at Meetings - states that a motion may not be progressed until it has been moved and seconded. Minute 4078 h - has no proposer or seconder. ***Agreed missing proposer/seconder. Council to consider amending Standing Orders when next reviewed, as it is now accepted just to have a resolution. Min 4138a/iv Clerk to verify with SALC on best practice for consideration as part of Standing orders review by Sept 2021.***

Overall I found that the council, despite working remotely under Covid conditions, conducted and recorded their business in accordance with their regulations and were pro-active in identifying areas for improvement or of detrimental benefit to the residents of the village.

This concludes the independent internal auditors report for Fivehead Parish Council, for year ending 31st March 2021.

Gordon Balmer
12th June 2021