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Clerk to South Stoke Parish Council

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Ref: **Internal Audit South Stoke Parish Council**

Dear Parish Council

I conducted an internal audit for the Parish Council on 26th April. I was able to sign the Annual Internal Audit Report 2022/23 positively, apart from item F. This is in regard to Petty Cash. As the Parish Council does not use Petty Cash, the item was marked as Not Covered.

The audit was generally satisfactory and compliant with policy and rules. It appears that the recommendations of the previous Internal Auditor have largely been implemented.

I would like to raise the following observations with the Parish Council.

Asset Register

Dates and locations have not always been completed. I would suggest using "pre-2020" if an exact date cannot be established. It was noted by the previous Internal Auditor that inspection cycle should be added to the register where applicable.

Banking

I understand that it is intended to switch from HSBC to Metro Bank once the new Parish Council is installed. There are a number of implications here which impact the Financial Regulations and Risk Assessment

- a) Financial Regulations: as the Metro Bank does not cater for payment by cheque, Section 5 needs amending to reflect this.
- b) Risk Assessment: The Metro Bank does not allow for payment to be other than Internet bank transfers. Under Section 5 of the Financial Regulations, the RFO (Clerk) is the only person who can make Internet bank transfers. Arrangements should be put in place to allow an alternative person to make duly authorised payments should the RFO be incapacitated. This could cause a problem should immediate payments be required to be made – payroll of HMRC for instance. I would suggest

this should be either the Chairman or the Councillor designated to sign off the quarterly accounts.

- c) In addition, Councillors should regularly look at the bank accounts to satisfy themselves that no improper or unauthorised payments have been made and that there are no logon or 2-step verification issues.

The HSBC account had a £1,000 payment limit. The Metro Bank has a £10,000 payment limit. The Council should agree whether a payment limit of this amount is appropriate for the Clerk alone to make.

IT systems, security and Business Continuity

Two issues have been identified. First, the Clerk's computer and printer is nearing the end of its life and needs replacing. Secondly, the filing of records should be reviewed and moved onto a cloud-based system. This would include all of the financial records, agendas and minutes, contracts and other legal documents. This would obviate the rather complex system of backups using USB sticks and sharing storage with Monkton Combe Parish Council. It would also reduce the amount of paper records which are currently generated and stored. Careful thought needs to be given to the design of cloud-based system to allow use for Councillors and the Internal Auditor. A secure password manager, such as LastPass, should also be considered. This would replace the current letter kept by the Chairman. This becomes even more important when as Assistant Clerk is appointed.

SDDP

There has been a lot of activity on this ring-fenced account during the year. As far as I can tell the Parish Council acted within its General Powers of Competency when dealing with SDDP matters. All the correct financial procedures have been followed in recording both the receipts and expenditure.

Standing Orders

Whilst the Financial Regulations and Risk Assessment are being considered two areas of the Standing Orders should be updated:

- a) Under 3bi, Councillors should be summoned to meetings, Agendas and Minutes circulated by email.
- b) The Procurement process (29 Financial Matters) and accompanying paper trail should be looked at and amended. In particular I would recommend that the £1,000 threshold at which point contracts go out for tender be raised to £5,000. It would also be appropriate to set out rules for where there is only one contractor available.
- c) Note the appointment of the Odd Down Planning and Traffic Consultants should have been subject to the Procurement process. However, it is not always possible to find three appropriately qualified and/or available practitioners. The Standing Orders should be amended to cover this eventuality.

Sub Committees

Under Standing Order 2j(iii) / (iv) and Standing Order 15 reference is made to reviewing the delegation arrangements to committees and sub-committees as well as reviewing the terms of reference for these committees. I can find no evidence of the Planning Sub-Committee's terms of reference nor minutes of its meeting apart from the one on 17 August 2022.

Website

Various documents are put up on the website such as the Data Protection Registration (expired 12 November 2022) and Employers Liability Certificate (31 May 2020). These need to be checked to make sure that they are valid. Although

functional, the Website is not easy to use and consideration should be given to updating it.

All other matters were satisfactory, and I have completed the requisite documents.

REDACTED

Patrick Dawson