

# Alison Marshall - Local Council Administration Services

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To: South Huish Parish Council

Date: 1<sup>st</sup> May 2020

## Internal Audit Report 2019/2020 for South Huish Parish Council

All Councils are required to implement an annual independent Internal Audit examination of its accounts, accounting processes and internal controls. The aim of the Internal Audit is to conclude as to whether a Councils systems of financial and other internal controls are adequate and effective. Testing has been carried out using a sampling system as deemed appropriate for the size of the Council.

This report details the results of the May 2020 Internal Audit for South Huish Parish Council which has been carried out in accordance with the requirements as detailed within the Governance and Accountability Practitioners Guide. The report also provides recommendations for the improvement of internal processes and a general summary for Council consideration.

## Standard Documentation

- Internal control systems – in place and tested by the Council regularly.
- Financial Regulations – in place, adopted May 2018, and due a review (every 2 years recommended).
- Standing Orders – in place, adopted May 2019, in order.
- Code of Conduct – in place and in order.
- Website – in place, as is required. The Clerk and Chairman have access which represents good practice.
- Transparency Code – applies. I could not locate the Councillor responsibility listing or any meeting documents on the website, as is required by the Transparency Code, and so I recommend that this matter is addressed as soon as possible.
- Borrowing – not applicable. Petty cash – not used. Trusts – not applicable.
- Council membership – there is currently one vacancy and advertising has been evidenced.

## Public Funds

- Payment controls – in place and all payments are overseen by the Council regularly.
- Purchase and payment documentation – items cross checked to the Accounts were in order.
- VAT - requirements adhered to and a re-claim has been evidenced.
- Accounts – up to date and in order and a separate column has been evidenced for Section 137, as is required. No spending has been placed under Section 137 in the last year.
- The Accounts record the Receipts and Payments method as is required.

## Risk Management and Budget Control

- Risk Management Schedule - in place and in order.
- Insurance policy – in place with Ecclesiastical and appears to be in order. Renewal 31<sup>st</sup> May 2020.
- A thorough budget document has been used to set the annual Precept and the minutes have been documented appropriately.
- Reserves – documentation appears to be in order.
- Meeting Agendas – in order. Councillors have correctly been summonsed to meetings and the three clear days' notice has been evidenced.

- Meeting Minutes – informative. It was noted that minutes are still showing in draft format on the website, going back some months. When draft minutes have been signed off by Council they should be updated on the website. I recommend that the website is updated, regarding past drafts, and that draft minutes are replaced, as and when appropriate, going forward.
- Information Commissioners Office (ICO) – annual membership has been confirmed.
- General Data Protection Regulations – the 2018 update appears to have been adhered to. A GDPR Policy is in place together with a Privacy Notice, as is required.
- IT backup – overseen by the Clerk and appears to be in order.
- Committees – none in place currently, I understand.

#### Employment

- The Clerk is the only employee and there is a Contract of Employment in place.
- PAYE has been dealt with by the Clerk and the documentation appears to be in order. There is no Council pension and re-enrolment with the Pensions Regulator has been confirmed by the Clerk. A credit of £168. on the HMRC account is being dealt with and is due to overpayment of tax.
- Staff appraisals and pay reviews take place annually, as is expected, and salary increases have been recorded within the minutes.

#### Asset Control

- Asset Register – updated April 2020, in order and on the website as is required.

#### Banking and Bank Reconciliations

- Bank reconciliations – completed monthly and appear to be in order.
- Internet banking – used and the process appears to be in order.
- Authorised signatories – currently stand at 3 and I recommend that this is increased to 4.

#### Year End

- Year-end audit documents for 31/03/2019 – the Certificate of Exemption option was used, being the correct process for a Council with an annual turnover of below £25,000., but I cannot locate the minute where the Council resolved to use this form, as is required. In the May 2019 minutes the AGAR Sections 1 and 2 have been signed off but there is no reference to the Certificate of Exemption. I recommend that these requirements are reviewed prior to completion of this year's audit. Furthermore, it was noted that the figures on the Certificate of Exemption and the AGAR Section 2 forms did not match, as is required. I understand that the Clerk has now found and amended the error and so the relevant rules, regarding amendments, will need to be followed. I recommend that the Council double checks all AGAR documentation prior to signing the Audit off, to avoid further issues going forward.
- Protected Rights – the issue date on the document is incorrect - the Clerk is already aware of this unfortunate error. I recommend that the process on Public Rights is revisited as a matter of priority.
- Year-end documents to 31<sup>st</sup> March 2020 - being prepared by the Clerk who has confirmed full understanding of the Audit requirements.

#### Summary

I can report that, within the areas checked, it is my opinion that the Parish Council has some very good systems of internal control in place so as to support the lowering of risk to the Council. There are a few areas documented within this report that require focus and which will help strengthen the Councils risk and internal control management if actioned.

Alison Marshall – April 2020