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To: South Huish Parish Council

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Internal Audit Report 2021/2022 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 this is to ascertain whether the systems of financial and other internal controls, over its activities and operating procedures, are effective. A sample system has been used, as felt appropriate for the size of the Council, to test these processes.

This report details the results of the audit which has been carried out in accordance with the requirements of the Governance and Accountability Practitioners Guide. The report contains recommendations for Council consideration

Standard Documentation

- The Council has tested internal control systems regularly.
- Financial Regulations, Standing Orders and a Code of Conduct are in place.
- The Transparency Code for smaller authorities applies due to the Council's current annual turnover. A website is in place which holds all the required documentation in order to comply with the Code. A Website Accessibility Statement and a Privacy Statement are in place, as is required.
- Petty Cash – not held. Borrowing - none. Trusts - not applicable.
- Royal Mourning Period (April 2021) – observed and no meetings were held during this time.
- Council and Councillor email addresses – it is now recommended that Councils and Councillors have bespoke email addresses, ideally ending in .gov.uk, in order to keep Council business separate and under the control of the Council. I recommend that this is considered.

Public Funds

- Payment controls are in place and the Council oversees all payments regularly.
- Purchase and payment documentation cross checked to the accounts was found to be in order.
- VAT requirements appear to have been adhered to.
- The accounts are kept in order, a column for Section 137 payments is in place, the receipts and payments method has been used and the correct year-end of 31st March has been evidenced.

Risk Management and Budget Control

- A Risk Management Strategy is in place, dated 2019-2020, which was last reviewed in May 2019 according to the document. Due to the importance placed on the management of public funds and assets, and to the requirement for 'risk' to be considered at least annually, I recommend that this document is reviewed and updated as soon as possible.
- A Statement of Internal Control is in place dated 2019. I recommend that this document is reviewed annually and that the review date is noted on the document.
- Policies are in place covering general data protection, freedom of information, publication and complaints, evidencing good practice.

- The general Insurance policy appears to be in order, renewable 31/05/2022.
- A budget document has been produced from which the annual precept has been set by full Council, as is required. Reviews against budget have taken place. The Precept details have been recorded in the minutes appropriately.
- Reserve funds appear to be in order and a listing is in place.
- Meeting agendas are in order and Councillors are correctly 'summonsed' to full meetings. The required notice period for the issuing of agendas has been observed.
- Meeting minutes are in good order and decisions have been recorded clearly. I recommend that the reasons for Councillor absences at meetings are noted and that the Council accepts these or not. The October and November 2021 minutes are in draft format, I recommend that this is amended. An Annual Parish Meeting does not appear to have been held in 2021 and I recommend that this meeting is reinstated in 2022.
- Annual membership of the Information Commissioners Office (ICO) has been confirmed.
- There is a Committee in place and the Terms of Reference document has been evidenced – this remains in draft format on the website and I recommend that this is corrected. As it is usual for the minimum number of Councillors on a Committee to be 3, I recommend that this is looked into.

Employment

- The Clerk is the only employee and a Contract of Employment is in place.
- PAYE/pay roll is dealt with by SHDC and the documentation appears to be in order. There is no pension in place currently. The Pensions Regulator information appears to be up to date.
- Salary increases have been minuted appropriately.
- Overtime is regular and payment is made upon a claim being submitted by the Clerk. For transparency, and as is usual, I recommend that monthly overtime is noted and acknowledged/agreed by the Council on the monthly minutes.

Asset Control

- The Asset Register has been recently updated, appears to be in order and has been published.

Banking and Bank Reconciliations

- Bank reconciliations have been produced monthly and shared with the Council.
- Internet Banking is used and I understand that the process adopted takes into account the need for 2 authorised signatories to check that all the payments, once agreed by the Council, have been made accurately.
- Authorised signatories are currently at 4, I understand, which is in order.

Year End

- Year End 31/03/2021 – the option to use a Certificate of Exemption has been correctly declared and accepted by the Council and recorded in the minutes. The document has been published.
- Year End 31/03/2022 – the Clerk is currently dealing with the documentation and has confirmed understanding of the requirements. I recommend that the signatures on the AGAR forms are not redacted prior to publication and that the 'variance' document template used is the one provided by the External Auditor.
- Public Rights 2021 – the correct form has been used and published but the dates noted on the form are not in order as the required 30 day period for the inspection of the accounts has not been calculated correctly. The AGAR internal auditors report has, therefore, had to be noted accordingly. I recommend that the Council checks all AGAR documentation for accuracy going forward.

Summary

It is my opinion that South Huish Parish Council has followed proper practices over the past year, and has some robust systems of internal control in place to support the lowering of risk. This report contains some recommendations for Council consideration which, if actioned, will support the lowering of risk further. It was pleasing to see the documentation in good order.

Alison Marshall – May 2022