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To: South Huish Parish Council

Date: 23rd May 2023

Internal Audit Report for the year ending 31/03/2023

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

- Internal control systems – in place and regularly tested by the Council.
- Financial Regulations, Standing Orders, Code of Conduct - in place.
- Transparency Code for smaller authorities applies. A website is in place which holds all the required documentation in order to comply with the Code. Website Accessibility Statement, Privacy Statement – both in place.
- Councillor email addresses – it is now a requirement (Practitioners Guide) that Councils and Councillors have business email addresses to help with public confidence and to deter cyber security. I recommend that this requirement is actioned for Councillor email addresses.

Public Funds

- Payment controls – in place and payments are regularly checked by the Council.
- Purchase and payment documentation – cross checks highlighted no issues.
- VAT - requirements appear to have been adhered to.
- Accounts – in order. Section 137 – not used during the last financial year.

Risk Management and Budget Control

- Risk Management Schedule – in place but dated 2019-2020 and so needs a review. It is recommended that this document is reviewed annually by the Council and that the review is minuted and noted on the document.
- Statement of Internal Control – in place but dated 2019 and so needs a review. It is recommended that this document is reviewed annually by the Council and that the review is minuted and noted on the document.
- General data protection, freedom of information, publication, complaints – policies in place.
- General Insurance policy – expires 31/05/2023. It is now recommended that 'cyber security' cover is added if not already in place.
- Budget – a document has been produced from which the annual precept has been set and minuted.
- Reserve funds – documented. General reserves appear to be slightly high for the size of the Council and I recommend that this is considered.
- Meeting agendas – in order.
- Meeting minutes – in order.

- Annual Meeting of the Council (May) – this meeting should not be referred to as the Annual General Meeting as recently confirmed by DALC. I note that the District Councillor ‘took the Chair’ to appoint the new Parish Council Chairman at the May 2022 meeting but this is not following due process. I recommend that the procedures in this regard are reviewed.
- Information Commissioners Office (ICO) – annual membership confirmed.
- Committees – I have been informed that there are no committees in place currently but the website holds meeting agendas and minutes relating to a ‘SMASH’ Committee. I recommend that this anomaly is reviewed.

Employment

- Contract of Employment – in place for the Clerk being the only employee.
- PAYE/payroll – outsourced to SHDC and the documentation viewed appears to be in order.
- Pension - none in place currently. The Pensions Regulator information appears to be up to date.
- Salary increases and overtime – agreed and minuted. A lot of overtime is being claimed and I recommend that the Clerks permanent hours are reviewed.

Asset Control

- Asset Register – updated, published and appears to be in order.

Banking and Bank Reconciliations

- Bank reconciliations – a summary of the accounts is published on the bottom of monthly meetings but the recommended (Practitioners Guide) bank reconciliation template is not used from what I can see. I recommend that the bank reconciliation template is used on a monthly basis to evidence that the accounts balance matches the bank balance and that the Council signs off this form. I have been unable to agree the year-end (31/03/2023) bank reconciliation (bank balance does not match account balance) and I have queried this with the Clerk who is looking into the matter. I recommend that the final document is checked by the Council prior to sign off.
- Internet Banking – used. I understand that a process has been adopted which 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 – under review. The recommendation is 4 authorised signatories per bank account excluding the Clerk.

Year End

- Year End 31/03/2022 – the option to use a Certificate of Exemption has been correctly declared by the Council and recorded in the minutes. The document has been published.
- Year End 31/03/2023 – the Clerk is currently dealing with the final documentation and has confirmed understanding of the requirements. I recommend that all year-end documentation is thoroughly checked by the Council prior to sign off and especially the bank reconciliation.
- Public Rights 2022 – the incorrect form has been used as the ‘exempt’ form applies. I recommend that this matter is checked by the Council this year and going forward. The correct dates have been used and the form has been published.

Summary

I conclude that South Huish Parish Council has followed proper practices over the past financial year, and that it has some good 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.

Alison Marshall – May 2023