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To: South Huish Parish Council

Date: 22<sup>nd</sup> April 2024

**Internal Audit Report for the year ending 31/03/2024**

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 and appear to be in order.
- Transparency Code for smaller authorities - applies. A website is in place which holds all the required documentation to comply with the Code. Website Accessibility Statement, Privacy Statement - both in place on the website.
- Councillor email addresses – in the process of being updated.
- Trust – not applicable. Borrowing – not applicable. Councillor allowances – not applicable.
- Council membership – a recent Councillor resignation has this has been minuted and a new Councillor has been co-opted. There is no co-option policy in place and I recommend that this is considered in order to help with public understanding of the process and with transparency.

**Public Funds**

- Payment controls – controls are in place and payments are noted on monthly meeting minutes for transparency. Payments are regularly checked by the Council for accuracy.
- Purchase and payment documentation – items cross checked to the accounts highlighted no issues.
- VAT - requirements appear to have been adhered to and re-claims have been evidenced.
- Accounts – the documents appear to be in order. The correct year-end of 31<sup>st</sup> March has been used along with the correct 'receipts and payments' accounting method.
- Section 137 – a listing is in place for payments and this appears to be in order. I would remind Council that any payments made to youth/schools usually needs to fall under this 'power'.
- Income – the precept, P3 grant and Locality funding has been documented appropriately.

**Risk Management and Budget Control**

- Risk Management Schedule – in place. I recommend that this document is reviewed annually.
- Statement of Internal Control – in place. I recommend that this document is reviewed annually.
- Freedom of information, publication, complaints policies – in place.
- General Insurance policy – the current policy expires on 31<sup>st</sup> May 2024 and appears to be in order. I recommend that Cyber Security and Fidelity Insurance is considered by the Council if not already in place (Practitioners Guide).
- Budget – a budget document has been produced from which the annual precept has been set by full Council, the result has been appropriately minuted.

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- Reserve funds – a listing is in place and the ‘earmarked’ and ‘general’ reserves information appears to be appropriate for the size of the Council.
- Meeting agendas – an agenda for March 2023 does not appear to have been published.
- Meeting minutes – i) the process for electing a Chairman at the May Annual Council Meeting should be reviewed – the process should not involve the District Councillor, ii) I recommend that when a planning application is objected to, the reason for the objection is noted in the minutes for understanding and transparency, iii) I recommend that the reasons for Councillors being absent at a meeting is noted on the minutes for general information.
- Information Commissioners Office (ICO) – annual membership confirmed.
- Committees – none in place currently.

### **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 with relevant deductions evidenced. Payments to HMRC have also been evidenced.
- Pension – none. The Pensions Regulator information appears to be in order.
- Salary increases and overtime – salary increases and overtime have been agreed by full Council.

### **Asset Control**

- Asset Register – updated, appears to be in order and has been published. No issues identified.

### **Banking and Bank Reconciliations**

- Bank reconciliations – produced regularly and shared with the Council.
- Internet Banking – used. Once all payments have been agreed by full Council, I understand that there is a process in place which requires two authorised signatories (excluding the Clerk) to check all payments for accuracy. I recommend that this process continues on a monthly basis.
- Authorised signatories – currently standing at three and I recommend that a review takes place as soon as possible to increase this number to a minimum of four, excluding the Clerk, as is required.

### **Year End**

- Year End 31/03/2023 – the option to use a Certificate of Exemption has been correctly declared by the Council and appropriately recorded in the minutes. The document has been published. Please note that signatures on published AGAR forms should not be redacted (Practitioners Guide).
- Year End 31/03/2024 – 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.
- Public Rights 2023 – the incorrect form has been used, the dates are in order and the information has been published.

### **Summary**

It is my opinion that South Huish Parish Council has followed proper practices over the past financial year, and that it has 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 – April 2024

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