

Alison Marshall - Local Council Administration Services

Dinneford House, Dinneford Street, Thorverton, Devon EX5 5NU

t. 07801 575521 / 01392 861228 e. alisonmarshall.lcas@gmail.com

To: South Huish Parish Council

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Internal Audit Report 2017/2018 for South Huish Parish Council

All Councils are required to implement an annual independent Internal Audit examination of its Accounts and accounting processes. 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 2018 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.

Book Keeping

- I have tested that the Council has checked internal systems regularly and no issues have been identified within this area.
- The Council does not appear to hold a Financial Regulations document at this time, or it could not be located by the new Clerk, and so I recommend that such a document be created and adopted as a matter of urgency.
- The Council has a Standing Orders document in place, dated 2015, but the statutory requirements are not highlighted in bold type as is required and so I recommend that this is addressed as soon as possible. Also I recommend that the new NALC model Standing Orders are considered for adoption (copy e-mailed) to provide an up to date document that can be personalised as required.
- A Code of Conduct could not be located and I recommend that such a document is adopted as a matter of priority as this is required of all Local Councils. An example has been e-mailed.
- The Transparency Code applies as the Council has an annual turnover of below £25,000. and a website is in place as is required. The Clerk confirmed understanding of the documents that need to be uploaded to the website in order to comply with the Code.
- The new General Data Protection Regulations are in the process of being adhered to.

Payment Control

- Payment controls have been reviewed monthly and I have found no issues within this area.
- Purchases have been documented within the Accounts.
- VAT has been re-claimed and the paperwork has been evidenced.
- Petty cash is not held and there is no borrowing in place – no checks required.
- Section 137 - there is no separate column for S137 spending within the Accounts. The Clerk has confirmed that she will correct this prior to the Accounts being signed off and I recommend that this requirement is checked by the Council.
- The 'receipts and payments' method is being used within the Accounts as is required and the Accounts have been kept up to date.

Risk Management and Budget Control

- A Risk Management Scheme or document could not be located by the new Clerk and I recommend that this matter is addressed as soon as possible. An example has been e-mailed.
- The current general Insurance policy appears to be in order.
- A budget document has been produced and several options, regarding a Precept increase, were offered for Council consideration. The Precept has been set by full Council but the January 2018 meeting Minutes do not clearly record the Precept figure and I recommend that this is made clear, for Transparency purposes, going forward.
- There is no Anti-Fraud and Corruption Policy in place and I recommend that one be considered.
- A Statement of Internal Control is in place and is in order.
- A Complaints Policy is in place but it is not known whether a Freedom of Information Policy is in place and I recommend that this is investigated.
- The Clerk has confirmed understanding of the new General Data Protection Regulations and the requirements of this. It is not known whether the Council is registered with the Information Commissioners Office as is required and so I recommend that this is looked into.
- IT backup is completed by way of a Cloud and the Clerk uses a laptop owned by the Parish Council.
- Agendas and Minutes appear to be in order. It was noted that Planning Meetings appear to take place regularly but that no Committee is in place and I recommend that this matter is clarified.

Payroll

- Payroll is dealt with 'in house' by the Clerk and appears to be in order although a small PAYE credit has been identified and I recommend that this is investigated.
- A Contract of Employment is in place and the Clerk is correctly Employed.
- Pension requirements are to be dealt with by the Clerk although the Council should oversee this.

Asset Control

- The Council has an up to date Asset Register in place and I recommend that the date that each item was acquired is input as is required. The Councils general Insurance policy appears to cover all assets held.

Bank and Bank Reconciliations

- Monthly bank reconciliations have been produced by the Clerk and agreed by the Council.
- Internet Banking is used and the process in place appears to work well and to be appropriate with the monthly payments form being signed by two authorised signatories.
- Cheque stubs were reviewed and not all were correctly initialled by two authorised signatories, as is required, and I recommend that this process is reviewed as soon as possible.

Year End

- The Accounts to 31/03/2018 are being finalised and the Annual Return (AGAR) is being addressed with the requirements of the new process being confirmed by the Clerk.
- I have signed off the Internal Audit Report at my meeting with the Clerk today.

Summary

I am pleased to be able to advise that, within the areas checked as abovementioned, it is my opinion that South Huish Parish Council has some good systems of internal control in place which, as a result, supports the lowering of risk to the Council. I would, however, request that the recommendations highlighted within this report be considered by the Council, at its earliest convenience, as they have been provided to support future risk and internal control management.