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To: South Huish Parish Council

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Internal Audit Report 2018/2019 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 2019 Internal Audit 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

- The Council has tested internal control systems regularly.
- A Financial Regulations document is in place which is in need of updating. I understand that an updated version of this is to be adopted by the Council at the May meeting.
- A Standing Orders document is in place which is in need of updating. I understand that the new 2018 model Standing Orders document, from the National Association of Local Councils, is to be adopted at the May meeting.
- A Code of Conduct is in place, dated March 2019, and is in order.
- The Transparency Code applies, due to the Councils annual turnover being below £25,000., and a Website is in place. Not all documentation, as required by the Transparency Code, appear on the Website and so I recommend that this matter is addressed as soon as possible to avoid issues with the External Auditor and with future Internal Audits.
- I understand that, as of the May meeting, the Council will be at full membership. A list of Councillors and their responsibilities should be uploaded onto the Website, as is required by the Transparency Code, as soon as possible after the meeting.

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 have been adhered to and the records are in order.
- Petty Cash – not held. Borrowing - none. Trusts - not applicable.
- The Accounts are kept up to date and a separate column is in situ for Section 137 spending.
- The Accounts record the Receipts and Payments method as required.

Risk Management and Budget Control

- A Risk Management Scheme is in place and appears to be in order.
- The annual general Insurance policy has been regularly reviewed and is in order.
- The latest annual budget document is of a good standard and has been regularly reviewed. The budget document has correctly been used to set the annual Precept although the Precept claim, in

pounds (£) has not been recorded in the Minutes. For transparency, and as this matter is usually of great interest to the public, I recommend that future Precept claims are clearly documented with the amount in pounds (£) within the relevant month's meeting Minutes.

- Reserves appear to be in order for the size of the Council and 'earmarked' funds have been listed.
- IT and Website backup is completed regularly and appears to be in order.
- Meeting Agendas are in order and Councillors are correctly 'summonsed' to full meetings.
- Meeting Minutes are in good order although 'matters arising' is being used against the recommendations of the National Association of Local Councils. I recommend that this is no longer used. No meeting documents appear on the website, as is required by the Transparency Code, and I recommend that this is addressed as soon as possible.
- Annual membership of the Information Commissioners Office (ICO) has been confirmed.
- The 2018 General Data Protection Regulations update has been adhered to and a Privacy Notice is in place and I recommend that this is uploaded to the Website as soon as possible.
- A Publication Scheme and a Complaints Policy are also in place as would be expected.
- The Planning Committee has been disbanded and so no checks, in this regard, have taken place.

Employment

- The Clerk is the only employee and there is a Contract of Employment in place.
- PAYE is dealt with by the Clerk and the documentation viewed appears to be in order with HMRC payments having been documented within the Accounts.
- Staff appraisals and pay reviews take place annually, as is expected, and salary changes have been recorded within the meeting Minutes as is required.

Asset Control

- The Councils Asset and Investment Register appears to be in order and should be available to view on the Website as part of the Transparency Code requirements.

Banking and Bank Reconciliations

- Bank reconciliations have been produced monthly, circulated to the Council, and appear within the Minutes evidencing good practice.
- Not all cheque book stubs checked had been correctly initialled by two Councillors and I recommend that this process is reviewed.
- Authorised signature numbers are due for review following the May elections.
- Internet banking is used and there is a robust process in place to oversee payments.

Year End

- The completed 2017/2018 Audit Return documents included a Certificate of Exemption (from a full External Audit) and, due to the annual turnover being below £25,000., the same option is available to the Council this year. The year-end documents, to 31st March 2019, are being prepared and the Clerk has confirmed full understanding of the Audit documentation.
- Due to my findings I have signed off the AGAR Internal Audit Report indicating that the only matter of concern is the lack of documentation appearing on the Website as is required by the Transparency Code.

Summary

I can report that, within the areas checked, it is my opinion that the Parish Council has robust systems of internal control in place so as to support the lowering of risk to the Council. There are, however, a few areas within this report which should be considered, as soon as possible, so as to further lower any risk to the Council.