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15 December, 2020

Parish Clerk and Responsible Finance Officer
Henstridge Parish Council
14 Everlanes Close
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Dear Emma

Interim Internal Audit Report

Henstridge Parish Council – April 2020 to November 2020

The Accounts and Audit (England) Regulations 2015 (as amended) require all Town and Parish Councils to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. We confirm that we are independent of the Council.

The internal audit work we have carried out has been planned to enable us to give our opinion on the control objectives set out in the Annual Internal Auditor's Report on the 2020-21 Annual Governance and Accounts Return.

We have complied with the legal requirements and proper practices set out in:

- 'Governance and Accountability for Local Councils – A Practitioners' Guide (England)' 2020
- The Accounts and Audit (England) Regulations 2015 (as amended).

Background

Henstridge Parish Council has income and expenditure of between £50,000 and £100,000 in 2019/2020 and is subject to an external audit by PKF Littljohn. The Council had a clean annual report from the external auditor for 2019-20.

The Council is not a sole managing trustee.

It is good practice for the Council to comply with the Local Government Transparency Code 2015.

The Council's accounting records are maintained on Scribe Software.

The Covid 19 pandemic continues to prevent further visits taking place, but consultations have continued by video link and telephone conference calls with the Parish Clerk.

The Parish Clerk has also provided access to the Scribe Software to view documents for the period April 2020 to November 2020 to support the current financial management position of the Council.

Further confirmation has been obtained of good practice and compliance with the Transparency Code Regulations 2015 from the Council's website.

We also note that the Council have met remotely during the Covid 19 pandemic in accordance with the temporary legislation requirements that allow Councils to meet virtually using the technology.

The Clerk confirmed that it has not yet been possible to get wet signatures for the Minutes during the Covid 19 pandemic. The Clerk has confirmed the accuracy of approvals of decisions taken by the Council but is aware that Minutes will need to be signed by the Chairman when it is possible to do so.

Payment approval has also been obtained and we have noted that invoice payment forms continue to be processed by the Clerk.
(Audit Note: Authorisation of online banking payments has not yet commenced as the Council has only recently transferred its banking arrangements to Unity Trust Bank. The Clerk has amended the Financial Regulations and the new process will start following the December Council meeting).

Internal audit checks

We have undertaken a series of audit tests on the Council's financial records, vouchers, documents, Minutes, policies, procedures and insurance documentation to ascertain the efficiency and effectiveness of the Parish Council's internal control framework. This internal audit report is based on the audit testing carried out at the review.

During this audit we checked the following:

- Minutes of Council Meetings
- Policies and procedures
- Bank and cash

- Investments
- Income and expenditure
- VAT claims
- Insurance
- Budgets and reserves
- Payroll
- Transparency of the Council website
- Website Accessibility Regulations 2018
- Covid 19 arrangements

Findings
Details of good practice noted, our recommendations and other matters to be brought to the Council's attention are set out below.

Good practice that is being followed

- The Council maintains its books and records on Scribe software
- The Clerk is aware of the requirements of GDPR
- The Council is registered with the ICO
- Details of total payments authorised at meetings
- All records were up to date and easy to follow
- The budgeting process is detailed and monitored throughout the year
- Bank reconciliations are carried out promptly each month and were accurate
- The Council takes an active scrutiny role
- VAT claims are made regularly
- Payments to HMRC for National Insurance and PAYE are made regularly
- The insurance cover is appropriate for the size of the Council
- Income was traced and correctly recorded and accounted for in the financial ledger
- The Council remain compliant with the requirements of the Transparency Code 2015
- The Website Accessibility Statement has been produced and uploaded to the Website.

Recommendations

- No formal recommendations have been made from this interim internal audit review.

Other matters to be brought to the Council's attention

- We note that the financial risk assessment documentation will be approved at its meeting in December this will be updated on the Council website which includes Covid 19 requirements for 2020/2021.
  (Audit Note: The financial risk assessment will reflect any potential risks that face the Council during the continuing pandemic when budget setting for 2021/2022).

- It is our opinion that the Council will need to carefully consider its budget and Precept setting for 2021/2022 as decisions made in January 2021/February 2021 will affect the financial health of the Council until March 2022.
- Any likelihood of any change in the South Somerset District Council tax base for 2021/2022 would also have an effect on the Council's ability to sustain its current level of service provision if the Precept level were not increased for 2021/2022. This could further impact on whether the Council might need to reconsider the facilities it offers if the reserves could not sustain the financial security of the Council. (***Audit Note: We would recommend that the Council should consider an increase in its Precept for 2021/2022).***
- We are pleased to report that the Council have maintained its legal obligation to ensure that all Minutes of Meetings are signed or initialled where a wet signature is required to be completed on Minutes.
- The information supplied in the letter to Town and Parish Councils from the Chairman of JPAG (an email was sent to the Parish Clerk prior to the audit review) relating to the Website Accessibility Regulations 2018 has been implemented by the Parish Council to comply with the regulations. ***(Audit Note: It is noted that the Accessibility Statement does record that scanned pdf documents do not comply with the Accessibility Regulations, but these documents can be provided in an alternative format or on alternative media, on request).***
- We are pleased to report that the Clerk was able to provide evidence of the posting date for the Exercise of Public Rights in 2020 so we are able to answer "Yes" to Objective L on the Internal Audit Report (AGAR) for 2020/2021.

Conclusion
Based on the tests we have carried out at this final internal audit, in our view, the internal control procedures in operation are appropriate to meet the needs of Henstridge Parish Council.

Next visit
The next internal audit visit has been arranged for **Thursday 22 April 2021**

At this visit detailed checks will be carried out on:

- Minutes of Council Meetings
- Bank and cash
- Investments
- Income and expenditure
- VAT claims
- Budget 2021/2022
- Transparency Code Regulations 2015
- End of Year Procedures 2020/2021

Next Steps
This report should be noted and taken to the next meeting of the Parish Council.

Tim Light FMAAT
Internal auditor