

Pucklechurch Parish Council

Internal Audit Report: 2024-25

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Background

Statute requires all town and parish councils to arrange for an independent Internal Audit (IA) examination of their accounting records and systems of internal control and for the conclusions to be reported each year in the Annual Governance and Accountability Return (AGAR).

This report sets out the work undertaken in relation to the 2024-25 financial year during our interim & final reviews of the records undertaken on 7th March 2025 following collection of the records from the Clerk and remotely on 27th April 2025. We thank the Clerk for assisting the process, providing all necessary documentation in electronic or hard copy format to facilitate completion of this year's review: we also wish to acknowledge and thank the Clerk for the very tidy nature with which the records are maintained, which has again assisted our review process. We have duly signed off of the IA Certificate in the year's AGAR assigning positive assurances in each relevant area.

Internal Audit Approach

In undertaking our review for the year, we have again had regard to the materiality of transactions and their susceptibility to potential misrecording or misrepresentation in the year-end Statement of Accounts / AGAR. Our programme of cover is designed to afford appropriate assurance that the Council has robust financial systems in place that operate in a manner to ensure effective probity of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory regulatory framework. The programme is also designed to facilitate our completion of the "IA Certificate" as part of the Council's AGAR process, which requires independent assurance over several control objectives.

Overall Conclusion

We are pleased to again conclude that, based on the satisfactory conclusions drawn from our programme of work for the year, the Clerk and Council have again maintained adequate and effective internal control arrangements.

Based on the satisfactory conclusions drawn from our review, we have duly signed off the IA Certificate in the year's AGAR assigning positive assurances in each relevant area.

We take this opportunity to draw the Clerk and Council's attention to the guidance notes in the preface to the year's AGAR in relation to the documentation that should be displayed on the Council's website together with the need to ensure compliance with the timing requirements for publication of the Notice of Public Rights to examine the Council's documentation for the financial year.

Detailed Report

Review of Accounting Arrangements & Bank Reconciliations

Our objective here is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in cashbooks or financial ledgers. The Clerk has again maintained the financial transactions in a spreadsheet cashbook which we consider appropriate. Two bank accounts were, at the start of the financial year, in place at NatWest plc, together with an account with Unity Bank: the NatWest accounts were closed during the course of the financial year with balances on both transferred to the Unity account. We have: -

- Ensured that an appropriate analysis of receipts and payments exists in the spreadsheet cashbook;
- Ensured the accurate carry forward of the 2023-24 closing balances to the 2024-25 spreadsheet cashbook detail;
- Ensured that the cashbook remains in balance at the financial year-end;
- Checked and agreed the full year's transactions on the NatWest Current and Unity bank accounts to the supporting bank statements;
- Verified the accurate recording of detail on the combined account bank reconciliations throughout the year with no uncleared transactions existing at the year-end; and
- Ensured the accurate disclosure of the combined account balances at 31st March 2025 in the AGAR at Section 2, Box 8.

We are also pleased to note that bank reconciliations continue to be subjected to independent scrutiny and sign-off throughout the year and that the Clerk sets up the Unity account payments online with two councillors then going online to release them.

Conclusions

We are pleased to record that no issues arise in this area warranting formal comment or recommendation.

Review of Corporate Governance

Our objective here is to ensure that the Council has robust corporate governance documentation and procedures in place; that Council meetings are conducted in accordance with the adopted Standing Orders (SOs) and that, as far as we are reasonably able to ascertain as we do not attend meetings, no actions of a potentially unlawful nature have been or are being considered for implementation.

We have examined the Council's minutes for the year to determine as far as we are able whether any issues exist that may have an adverse effect, through litigation or other causes, on the Council's future financial stability and are pleased to report that no such matters have been identified currently.

We note that both the SOs and Financial Regulations (FRs) were reviewed and re-adopted at the Council meeting in May 2024 with the latter based on the then recently updated NALC model document. Whilst no concerns exist in this respect, we note that the adopted FRs refer at Para 5.6 to a limit of £60,000 for formal tender action (as per the model document), whilst Para. 5.8 of the FRs implies a value of £30,000 for formal tender action as do the SOs at Para 14.a.v.

We again note that payment detail is submitted to the Council monthly and formally incorporated in the minutes, including detail of payees' names, cheque numbers and the payments due to each.

We are also pleased to note that the external auditors signed off the 2023-24 AGAR without any significant issues raised: we also note that the Council has published an appropriate Notice of Public Rights in accordance with the requirements of the Accounts and Audit Regulations 2015 affording the requisite 30 working days for the public to examine the Council's financial records.

Conclusions and recommendation

No significant issues arise in this area this year, although as indicated above, the FRs should be amended to record the same value for formal tender action as is recorded in the SOs. We shall continue to consider the effectiveness of the Council's approach to governance issues, also reviewing the minutes of meetings, at our future years' reviews.

R1. The adopted Financial Regulations (Para 5.6) should be revised to reflect a consistent value of £30,000 for formal tender action as recorded in the extant Standing Orders.

Review of Expenditure & VAT

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and approved budgets;
- Payments are supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and/or an acknowledgement of receipt, where no other form of invoice is available;
- All payments are being reported to Council;
- VAT has been calculated correctly for periodic recovery; and
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount.

We have reviewed the procedures for the approval and processing of trader and other payments and consider them generally sound and are pleased to note that, following our prior year recommendation, a councillor is now evidencing a sample of the documentation supporting the monthly payments.

The 2023-24 VAT reclaim was prepared and submitted to HMRC with repayment received in May 2024. We have reviewed the two 2024-25 reclaims prepared and submitted for 2024-25 agreeing detail to the year's cashbook.

Conclusions

We are pleased to record that no issues have been identified in this area this year.

Assessment and Management of Risk

Our aim here is to ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks identified in order to minimise the opportunity for their coming to fruition.

We are pleased to note that a formal Risk Register remains in place and that it has been reviewed and formally re-adopted by the Council at its meeting in May 2024: we have again reviewed the document and consider that it remains appropriate for the Council's present requirements.

The Council's insurance cover has again been provided through "Clear Councils": we have examined the year's schedule and consider that appropriate cover is in place with Employer's and Public Liability both set at £10 million, together with Fidelity Guarantee cover at £250,000.

Conclusions

No issues arise in this area. We shall continue to monitor the Council's approach to governance at future reviews.

Precept Determination and Budgetary Control

We aim in this review area to ensure that the Council has appropriate procedures in place to determine its future financial requirements leading to the adoption of an approved budget and formal determination of the amount to be precepted on the parent Council; that effective arrangements are in place to monitor budgetary performance throughout the financial year and that the Council has identified and retains appropriate reserve funds to meet future spending plans.

We note that the 2025-26 budget and precept were debated appropriately and approved at the December 2024 full Council meeting with the latter set at £146,960.

We are also pleased to note that the Clerk has continued to provide members with detail of the Council's budgetary performance quarterly during the year and have examined the year-end outturn with no significant concerns identified.

We have reviewed the level of reserves retained by the Council, which have increased to £244,039 (£137,990 as at 31st March 2024) including earmarked reserves (EMRs).

Conclusions

We are pleased to record that no issues arise in this area warranting formal comment or recommendation this year.

Review of Income

In considering the Council's income streams, we aim to ensure that robust systems are in place to ensure the identification of all income due to the Council, to ensure that income is invoiced, where appropriate, in a timely manner and that effective procedures are in place to pursue recovery of any outstanding monies due to the Council.

To gain assurance that appropriate controls are in place, we have examined income arising from allotment rents, noting that a formal register of tenants remains again in place with, as in prior years, a proportion of the rents for 2025-26 received and banked appropriately in March 2025.

Six interments are recorded in the Burial Register as occurring during the year to the end of February 2025: we have examined the underlying paperwork (undertaker applications and the legally required burial / cremation certificates), together with documentation supporting the

headstone / additional inscription requests from stonemasons. In each case, we have ensured that the appropriate fees have been received and banked accordingly with no issues arising.

Finally in this review area, we note that cemetery fees were last reviewed at the May 2023 meeting, members determining that they remain unchanged for that financial year. We note the Council's decision at the May 2024 meeting to retain all fees and charges at the current level.

Conclusions

We are pleased to record that no issues arise in this area this year warranting comment or formal recommendation.

Petty Cash Account

No petty cash account has been in operation during 2024-25.

Review of Staff Salaries

In examining the Council's payroll function, we aim to confirm that extant legislation is being appropriately observed as regards adherence to the requirements of HMRC legislation and the deduction and payment over of income tax and NI contributions. We note Council's approval for implementation of the 2024-25 national pay award which was applied to the December 2024 salary payment. We have consequently: -

- Checked and agreed the Clerk's monthly gross pay for a sample of two months during the year (September and December 2024) with the national 2024-25 pay award paid in the latter month together with arrears backdated to 1st April 2024;
- Ensured that Income Tax codes and National Insurance Tables are being applied correctly;
- Noted that the Clerk contributes to the NEST pension scheme; and
- Ensured that payments to HMRC and NEST are made appropriately each month.

Conclusions

We are pleased to record that the procedures in place for the determination and physical payment of the Clerk's salary continue to operate soundly.

Fixed Asset Register

The Practitioner's Guide requires all Councils to maintain a comprehensive register of all assets owned and leased by the Council. We are pleased to note the continued existence of an appropriate register with the new Council asset acquisition during the financial year added to the register.

Conclusions

No matters of concern have been identified in this review area this year.

Investments and Loans

The Council has no "investments" in place currently, all funds at the financial year-end being held in the single Unity bank account. No loans are in place either repayable by, or to the

Council. We have noted previously the development and adoption of a formal Investment Policy, the content of which we have reviewed and consider that it remains appropriate for the Council's present requirements.

Statement of Accounts and AGAR

The Accounts and Audit Arrangements require councils to submit their annual Accounts in the form of a summarised financial statement in the AGAR. We are again pleased to note that the Clerk has prepared a more detailed Statement of Accounts for the year adjusting the cashbook values accordingly to reflect the few debtors and creditors existing at the financial year-end, full detail of which is reported accordingly in the detailed Statement of accounts. We have agreed the entries recorded in the detailed Statement of Accounts to the cashbook values as adjusted by the disclosed year-end debtors and creditors and then transferred to the AGAR at Section 2.

Conclusions

Based on the satisfactory conclusions drawn from our review programme for the year, we have duly signed off the IA Certificate in the year's AGAR assigning positive assurances in each relevant area.

Rec. No.	Recommendation	Response
Review of Corporate Governance		
R1	The adopted Financial Regulations (Para 5.6) should be revised to reflect a consistent value of £30,000 for formal tender action as recorded in the extant Standing Orders.	