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## Collier Street 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).

We have agreed with the Clerk that the Internal Audit for 2024-25 would be undertaken remotely and would like to again thank the Clerk for her assistance with this year's review providing all required documentation in either electronic or hard copy format.

## Internal Audit Approach

In undertaking our review for the year, to date, we have, as previously, had regard to the materiality of transactions and their susceptibility to potential mis-recording or misrepresentation in the year-end Statement of Accounts / AGAR. Our programme of cover has been designed to afford appropriate assurance that the Council's financial systems and governance controls remain robust and 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 internal control objectives.

## Overall Conclusion

We are pleased to again conclude that, based on the programme of work undertaken at our Interim and Final review, the Clerk & Council have continued to maintain adequate and effective internal control arrangements throughout the year with no significant issues or concerns identified. There a few however residual comments which we have made reference to in the body of this report.

We have duly signed the Internal Audit Section of the AGAR, providing positive assurance's on all sections.

We take this opportunity to request that this report is brought to the attention of Councillors and that their response is notified to us in due course.

# Detailed Report

## Maintenance of Accounting Records & 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 the Alpha accounts maintained by the Clerk with two bank accounts in use with HSBC Bank. We have: -

- Checked and agreed the opening balances in Alpha for 2024-25 to the closing Trial Balance and certified AGAR for 2023-24;
- Verified that an appropriate cost centre and nominal ledger structure remains in place;
- Checked and agreed all transactions for the financial year, due to their relative low volume, to the supporting HSBC Bank statements on both accounts;
- Ensured that the accounts remain “in balance” at 31<sup>st</sup> March 2025; and
- Verified the accuracy of detail in the bank reconciliations as of 30<sup>th</sup> April and September 2024 as well as 31<sup>st</sup> March 2025 on both accounts ensuring that no long-standing uncleared cheques or other anomalous entries exist.

### *Conclusions*

*We are pleased to record that no issues have been identified in this review area this year warranting formal comment or recommendation.*

## Review of Corporate Governance

Our objective here is to ensure that the Council has a robust regulatory framework 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 Council meetings, no actions of a potentially unlawful nature have been or are being considered for implementation.

We have noted previously that both the SOs and Financial Regulations (FRs) were reviewed, updated in line with the latest legislative changes both being re-adopted by Council at the January 2024 meeting with a consistent value of £10,000 recorded for formal tender action. We also note that the FRs were re-adopted in September 2024. However we note that the Financial Regulations are not the updated NALC model document and we urge the Clerk to implement this at the earliest opportunity.

We have examined the Council meeting minutes for the financial year as posted on the Council’s website and provided electronically by the Clerk to ensure that no issues either exist currently or are developing that may have an adverse effect on the Council’s financial standing: we have also sought to ensure that, as far as we are reasonably able to ascertain, no actions are planned or have taken place that may be of an ultra vires nature and place the Council at risk of criticism or possible financial penalty.

We note that the External Auditor has not raised any ‘except for’ matters in their report for the 2023-24 financial year. We also note that the Notice of Public Rights was published accordingly.

### *Conclusions and recommendations*

*As indicated above, the latest NALC model Financial Regulations should be adopted by the Council.*

**R1.** *Consideration should be given to adopting the latest NALC Model Financial Regulations, at the earliest opportunity.*

## Review of Expenditure & VAT

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- Appropriate procedures are in place to ensure compliance with the Council's Standing Orders and Financial Regulations with regard to tendering and quotation action;
- 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 discounts due on goods and services supplied are identified and appropriate action taken to secure the discount;
- The correct coding and cost centre has been applied to invoices when processed; and
- VAT has been appropriately identified for periodic recovery.

We have examined a test sample of payments for the year to date as recorded in the Alpha cashbook for compliance with the above criteria. We noted previously that the Clerk holds an HSBC company debit card with a pre-determined spending limit of £500 and have similarly verified those transactions during the year so far.

We are pleased to note the positive action taken to address our previous recommendation with councillors now evidencing their review of traders' and other invoices for payment duly initialling the certification stamp that has been applied to each payment docket.

We have reviewed all payments made during April – September 2024 as well as January 2025 and March 2025 and no issues have arisen.

We are pleased to note that the VAT return for £768.52 was submitted at the end of the financial year and the Council are awaiting the receipt of funds from HMRC.

### *Conclusions and recommendation*

*We are pleased to report that there are no issues arising in this area of our review process warranting formal comment or recommendation.*

## 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 to minimise the opportunity for their coming to fruition.

We note that the Council's comprehensive risk register was reviewed, approved and re-adopted by the Council at the April 2024 full Council meeting and have reviewed its content, which we consider appropriate for the Council's present requirements.

We have examined the Council's insurance policy for 2024-25, cover being provided to 31<sup>st</sup> May 2025 through the BHIB Council's insurance scheme and consider that appropriate cover remains in place with both Public and Employer's Liability standing at £10 million and Fidelity Guarantee at £250,000.

We also note that the Council owned play area is inspected regularly with appropriate reports prepared: these inspections are supplemented by an annual inspection undertaken by a RoSPA certified company.

### ***Conclusions***

*We are pleased to report that there are no issues arising in this area of our review process warranting formal comment or recommendation.*

## **Precept Determination and Budgetary Control**

We aim in this area of our work 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 of the precept placed on the parent authority, 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 are pleased to note that members continue to receive regular budget monitoring reports with over/under-spends and the level of earmarked reserves the subject of regular review.

We also note that, the council resolved to set the precept, as minuted, to £23,800 at their meeting in February 2025.

We have considered the appropriateness of the level of general reserves to meet the Council's ongoing revenue spending requirements noting that at the year-end they have increased to £63,912, including an earmarked reserve of £35,516 for CIL monies. The residual balance exceeds the generally recognised value.

### ***Conclusions***

*We are pleased to report that there are no issues arising in this area of our review process warranting formal comment or recommendation.*

## **Review of Income**

The Council has limited sources of income, primarily the annual precept, occasional CIL moneys and other grants, bank interest and recoverable VAT. As indicated earlier in this report, we have checked and agreed the detail of such receipts during 2024-25 to the Council's bank statements and other supporting documentation, where available.

### ***Conclusions***

*No issues arise in this area this year warranting formal comment or recommendation.*

## Petty Cash Account

*The Council does not operate a petty cash account, any out-of-pocket expenses incurred by the Clerk in connection with her work for the council being reimbursed with her monthly salary payment.*

## Review of Staff Salaries

In examining the Council's payroll function, we aim to verify that staff salaries are paid in accordance with their Contracts of Employment and that legislation is being appropriately observed as regards adherence to the requirements of HMRC with regard to the deduction and payment over of income tax and NI contributions. To meet this objective, we have:

- Reviewed the Council's payroll preparation procedures noting that the Clerk uses HMRC's "PAYE Tools" software;
- Have ensured that the Clerk's gross salary being paid in 2024-25 has been applied appropriately by reference to the 2024-25 payslip detail;
- Noted that the Clerk's salary was correctly increased in line with the 2024 pay award.
- Ensured that the PAYE deductions have been calculated accurately by reference to the HMRC PAYE Tools software; and
- Ensured that the monthly deductions have been paid over to HMRC in a timely manner.

### *Conclusions*

*No issues arise in this area this year warranting formal comment or recommendation.*

## Fixed Asset Register

The Practitioner's Guide requires that all Councils develop and maintain a register of assets identifying detail of all land, buildings, vehicles, furniture and equipment owned by the Council.

We are pleased to note that a formal asset register is in place and the values are consistent to the AGAR which is maintained by the Parish Clerk. However, we note there is no photographic record of assets held and consideration should be given to the implementation of a photographic register.

### *Conclusions and recommendation*

**R2.** *Consideration should be given to creating a photographic register of all assets held by the Council to assist with any potential insurance reclams or police investigations in the event of theft or damage to Council property.*

## Investments and Loans

*The Council neither owns any investments, nor has any outstanding loans repayable either by or to it.*

## Statement of Accounts and AGAR

The 1996 Accounts and Audit Regulations required all Councils to prepare annually a detailed Statement of Accounts, together with supporting statements identifying other aspects of the Council's financial affairs.

The Clerk has, as previously, prepared a Receipts and Payments Account for the financial year, the detailed entries in which we have checked against the year-end Scribe accounts, that detail then being fed into the year's AGAR. This has been done through the Alpha automated reporting in Rialtas

### *Conclusion*

*We have duly signed-off the Internal Audit Certificate in the 2024-25 AGAR, giving positive assurances in all boxes. We also take this opportunity to remind the Clerk of the requirements of 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.*

Rec. No.	Recommendation	Response
<b>Review of Corporate Governance</b>		
R1	Consideration should be given to adopting the latest NALC Model Financial Regulations, at the earliest opportunity.	
<b>Fixed Asset Register</b>		
R2	Consideration should be given to creating a photographic register of all assets held by the Council to assist with any potential insurance reclams or police investigations in the event of theft or damage to Council property.	