

Annual Internal Auditor's report 2024/25 South Moreton Parish Council

Internal Auditor: Deborah O'Brien CiLCA PIALC

Smaller authorities are required by the Accounts and Audit Regulations 2015 to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

In accordance with guidelines contained in the 2024 Practitioners' Guide (JPAG) paragraphs 4.6-4.12, I am independent of the Parish Council and its members as well as being a CiLCA qualified Clerk with over 10 years' experience.

I have carried out a selective assessment of the Council's compliance with relevant procedures and controls, which I expected to be in operation during the year ended 31st March 2025, as outlined in the letter of engagement signed by the Council at its 29th May 2024 meeting. The function of this internal audit is to improve efficiency and effectiveness of the Council's procedures, not to detect errors or fraud, as the management of the Council's internal controls is a function of the Council as a whole. (Practitioners' Guide, paragraphs 4.4-4.5).

This internal audit has been conducted electronically utilising requested documents provided by the Clerk, as well as those present on the website at [South Moreton Parish Council](#). In addition, a Zoom meeting was held on 22nd May 2025 to review the report.

Overall, the standard of management and governance processes is good, with some issues highlighted below for the attention of the Parish Council. Where items are highlighted in bold font, this indicates a 'no' response to the relevant assertion on the AGAR Internal Audit report. I would like to thank the Parish Clerk/RFO, Charlotte Ray for her cooperation and assistance in facilitating this internal audit.

Internal Audit report assertions

A. Appropriate accounting records have been properly kept throughout the financial year.

- Prior year's cashbook balance has been correctly brought forward.
- Basic accounting records (Excel spreadsheet) have been kept throughout the year with regular updates brought to council meetings. I recommend that the cashbook needs to be set-up so that it automatically reconciles costs to categories such as staff costs, making it easier to complete the AGAR accounting statement. Please ensure that the year-end bank statement used is up to and including 31st March activity.

- Council minutes for the year are on the website. Parish Council minutes become a legal document once they are physically initialled (each page), signed and dated following approval at the ensuing meeting. The pages must be numbered sequentially and filed in accordance with [Local Government Act 1972 sched 12 paragraph 41 \(1\) \(2\)](#). I would also recommend inserting a header into the documents indicating date of meeting.

B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.

- Financial Regulations are regularly reviewed but are based on the 2019 model template. There have now been 3 updates since then. (2020, 2022 and 2024.) I recommend that the Council reviews the latest 2025 version of NALC Model Template Financial Regulations which include amendments to 5.4, 5.7 and 5.11 as a result of The Procurement Act 2023 and The Procurement Regulation 2024 which came into force March 2025. Payments are made via BACS in accordance with Financial Regulations, and the Council has effective controls in place.
- A random sample of 20% of financial transactions was examined in detail and generally found to be administered correctly. Where payments are for grants, please retain documentation reflecting the grant application.
- The cashbook does not appear to have recorded 2 amounts of VAT paid (of the sample that I examined) – Parish Online website payment (26/6/24) and SODC (11/12/24). The latter payment was made against a statement but refers to an invoice which should contain the VAT registration number and amount paid.
- I compared a selection of transactions within the cashbook to bank statements and all was in order. Bank statements show that they have been cross referenced with the cashbook and each transaction accounted for.
- Three councillors are on the bank mandate.

C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

- The Council reviewed its Financial and Management Risk Assessment at its May 2024 meeting.
- Internal controls are reviewed by the full council, but not always minuted and not signed. I would recommend designating one non-mandated councillor to be responsible for internal controls and this person should be the signatory on quarterly and year-end bank reconciliations. (As required by your Financial Regulations paragraph 2.2).
- Standing Orders (2019 version) were reviewed in May 2024 and should be reviewed regularly. NALC has also issued (March 2025) updated Model Template Standing Orders 14 (Code of Conduct) and 18 to reflect the changes

made to Financial Regulations, and I would recommend reviewing and adopting these when practical.

- Insurance coverage appears adequate and is reviewed prior to renewal annually.
- The play area is inspected monthly, and these inspections should be kept on file. I would recommend checking the frequency required with your insurer. An annual inspection by Playsafety was undertaken and actions taken on issues raised.
- All assets should be inspected regularly for safety and maintenance. I would recommend establishing a schedule for this with reports kept on file.
- I would recommend that the Council considers a formal tree inspection for any trees for which it may be responsible – please check with your insurers as to frequency required.
- I would recommend that the Council keeps on file copies of liability insurance and risk assessments from any contractors used.
- Electronic documents are presently held on the council's laptop and in cloud storage. An envelope or digital file containing passwords and access codes should be stored with the Chairman in case of emergencies.

D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

- The 2024-25 budget was considered, and precept agreed at a full council meeting dated 17 January 2024. This was recorded as an amount payable of £13,000. The budget is available on the website.
- The 2025-26 budget was reviewed and agreed at the November 2024 meeting, with the Precept then set (and minuted) at £13,000.
- I would recommend minuting when budget vs expenditure reports are presented and considered by full council on a regular basis (quarterly at a minimum).
- The Council does not have a reserves policy, but CIL money of approx. £3,500 is held for various projects. The year-end cash balance is £9,504, which leaves a reduced operating balance of £6,000. I would refer Councillors to Practitioners' Guide paragraphs 5.30 - 5.38 for reserves guidance when setting next year's budget and precept request, as it is recommended that councils hold between 3-12 months' operating costs, with smaller councils holding closer to 12 months.

E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.

- The precept received (£13,000) agrees to the precept request for 2024/25 and matches central government records.

- No VAT reclaim refunds were received in the financial year, and the last claim received was for the period up to 30/9/2023 (per last year's IA). It is important to make claims regularly using form VAT 126 – see [Claim a VAT refund as an organisation not registered for VAT - GOV.UK](#) for guidance.
- Allotment fees in the amount of £100 were received. Fees were last reviewed in July 2023.
- The Council was very successful with grant applications and received £14,625 for various projects, mainly benefiting the recreation ground.

F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.

- Not applicable – no petty cash

G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.

- The sole employee is the Clerk/RFO. Payroll is handled via a payroll provider.
- No payments have been made to HMRC in respect of PAYE, although payslips and the P32 indicate that an amount of £77.60 should have been made in respect of month 3 (May 2025). I would recommend requesting that your payroll company verifies with HMRC if any payments are outstanding or if this should be an adjustment due to tax codes, requiring the money to be refunded to the Clerk.
- The 2024/25 Local Government Services Pay agreement was not noted/minuted at any meeting. This was issued in November 2024, back-dated to 1 April 2024. I would recommend that the Council reviews this and makes any back payments due.
- A working from home allowance is paid, and this must not be included in line 4 staff costs.
- The Council is registered with the Pensions Regulator and made its declaration of compliance in 2023 (3-yearly requirement)

H. Asset and investment registers were complete and accurately and properly maintained.

- The asset register should regularly be updated and reviewed annually. It is planned to be reviewed at the May meeting prior to the insurance renewal.
- I was unable to review a current asset register – although did see it last year totalling £55,023. The asset register on the website dates to 2022/23.
- The Council has no loans and there are no long term investments.

- I. Periodic bank account reconciliations were properly carried out during the year.**
- Financial transactions and statements are regularly brought to meetings, but no formal bank reconciliations have been conducted or signed by a designated councillor during the year. I recommend referring to Practitioners' Guide paragraphs 1.10 and 2.38 as well as your Financial Regulations paragraph 2.2.
 - I was able to verify that the year-end amount agrees to supporting bank statements.
- J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate, debtors and creditors were properly recorded.**
- The council has prepared its accounts on receipts and payments basis.
 - The Accounting Statements (AGAR) prepared by the RFO agree to the cashbook. Please ensure it is signed and dated prior to the approval meeting.
 - Line 2 agrees to the value of the precept raised and received.
 - Line 8 agrees to the year-end supporting bank statements.
 - Line 4 only reflects staff costs as described in Practitioners' Guide.
- K. If the authority certified itself as exempt from a limited assurance review in 2023/24, it met the exemption criteria and correctly declared itself exempt.**
- Not applicable, the Council exceeded the £25,000 threshold.
- L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.**
- The Council exceeded the £25,000 threshold so is not subject to the Transparency Code for Smaller Authorities, although it is recommended that it is followed as good practice.
 - [The Accounts & Audit Regulations 2015 – regulation 13](#) requires that at least **5 years' worth of documents relating to completed AGARs are available on the Council's website. The Council does not meet this requirement. As of 21 May 2025, only 2020/21, 2021/22 and 2022/23 have been published. 2023/24 has not been published at all. I would recommend arranging these by year for the complete set of accounts rather than the current layout which is by section.**
 - [Data Protection Act 2018](#) - The website contains a privacy policy and a data protection policy.
 - The Council has displayed an older generic ICO model publication scheme policy, without populating it or including any contact details. I would

recommend completing and adopting the most recent version of the template which is available at [template-parish-councils-20211029](#).

- [The Public Sector Bodies \(Websites and Mobile Applications\) Accessibility Regulations 2018](#) The Council has a new website (as of May 2024) and the accessibility statement reflects that it is in line with WCAG 2.2 AA.
- M. In the year covered by the AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (*during the 2024-25 AGAR period, were public rights in relation to the 2023-24 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set?*)**
- I was unable to review evidence of this on the website, although the May 2024 minutes reflect: **14(d) To agree dates for public rights (but no dates)**. I have seen a copy provided by the Clerk, which had an announcement date of 2nd June 2024 and dates of 3rd June – 12th July 2024, which is 30 working days. I would recommend for the 2024/25 year, that this document is placed on the website in accordance with requirements and that the dates agreed are minuted.
- N. The authority has complied with the publication requirements for 2023/24 AGAR (*see AGAR page 1 Guidance Notes*)**
- There is no evidence of publication on the website of the 2023/24 AGAR documents up to and including 21/5/25. No conclusion of audit was published. (Obtainable from EA website)
- O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.**
- Not applicable – the Council is not a Trustee.

Other matters not covered above:

- I would recommend that the Clerk and Council review the 2025 edition of Practitioners' Guide, as it contains new requirements and guidance which will affect the 2025/26 audit, in particular relating to 'Digital & Data Compliance', and the requirement for an IT policy. A summary of the changes and the guide itself can be viewed at [Practitioners' Guide 2025](#).
- The Clerk is using a Gmail address, and it is noted that Councillors are still using personal e-mail addresses, although the Council has switched to a .gov domain and is moving to associated e-mail addresses. It is recommended that all councillors utilise a PC dedicated e-mail address such as councillorA@southmoretonparishcouncil.gov.uk. The use of personal e-mail addresses may cause GDPR and Freedom of Information issues. Please refer to [Fact sheet for councils: the use of personal email addresses and devices \(ico.org.uk\)](#) for guidance. The 2025 Practitioners' Guide paragraph 1.47

states: *"Email management - Every authority must have a generic email account hosted on an authority owned domain, for example clerk@abcparishcouncil.gov.uk or clerk@abcparishcouncil.org.uk rather than abcparishclerk@gmail.com or abcparishclerk@outlook.com for example"*.

- LGA 1972 Schedule 12 part II paragraph 10(b) requires: *"a summons to attend the meeting, specifying the business proposed to be transacted at the meeting and certified by the proper officer of the council, shall be sent to every member of the council by an appropriate method."* Normally this is part of the agenda but there is no evidence of a summons to councillors being issued on the website after July 2024.
- **The External Auditor's report last year commented on incorrect minute references given on section 1, thus requiring a 'no' response on Assertion 3 of the 2024/25 return.**
- I would strongly recommend some consolidation of the layout of the website. Documents should be categorised more clearly and made easier to find.
- This is now the 3rd year that I have conducted the Internal Audit for South Moreton Parish Council. Therefore, I would recommend that you review your Internal Audit provision and obtain quotes from 3 providers in the same way that you would every 3 years for any other contract.

This report is designed to assist the Parish Council, not criticise it, and to enable it to ensure that it is compliant with legislation and best practices. I would recommend that the Parish Council reviews this report in conjunction with the signed Annual Internal Audit report (AGAR) and develops a plan of action to address any issues. If the Clerk or Parish Council has any questions or concerns regarding this report, please do not hesitate to ask.

Deborah O'Brien CiLCA PIALC

22nd May 2025