

Public Sector Audit

Wrawby Parish Council

Internal Audit Report for the year ended 31 March 2025

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Introduction

Part 2, paragraph 5 (1) of the Accounts and Audit Regulations 2015 imposes a duty on Local Councils 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”.

Internal audit is a key component of the system of internal control. The purpose of internal audit is to review whether the systems of financial and other controls over a council's activities and operating procedures are effective.

At the request of the council I have conducted an Internal Audit review of the council's accounting records in respect of the financial year ended 31 March 2025. I have acted independently and, on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in place during the financial year.

The audit has been carried out in accordance with the council's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions and recommendations have been recorded in the table below.

Prioritisation of recommendations

In accordance with good internal audit reporting practice and the Governance and Accountability for Local Councils Practitioners Guide, the recommendations contained in this report have been prioritised. The following 'traffic light' system for the prioritisation of recommendations has been adopted: Page | 3

- Significant weakness in internal control requiring urgent attention.
- Moderate weakness in internal control requiring attention within the current year.
- Minor weakness in internal control, or matters of good practice the council may wish to consider, to be addressed within the current year.

Distribution List

Chairman of the Council

All Members of the Council

Clerk to the Council

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The findings of the audit are summarised below

	Test	Findings and Recommendations
1	Have appropriate books of account been properly maintained throughout the year?	<p><u>Appropriate accounting records</u></p> <p>Findings</p> <p>The council's accounts are maintained on spreadsheets which record receipts and payments during the year.</p> <p>They are sufficiently analysed to provide all the information required for the completion of the Annual Governance and Accountability Return (AGAR).</p> <p>➤ It is noted, however, that a separate analysis of s.137 has not been included in the 2024/25 cash book. Such an analysis column is necessary for clarity, transparency and audit verification.</p> <p>The cash book is balanced to the 31st March 2025 and two monthly reconciliations confirm that the cash book and bank balances are in agreement.</p> <p>Recommendation</p> <p>● A separate analysis of s.137 expenditure should be included in the cash book for 2025/26 and future years.</p>
2	Have the council's Financial Regulations and Standing Orders been formally adopted and complied with?	<p><u>Adherence to Financial Regulations and Standing Orders</u></p> <p>Findings</p> <p>The council approved its Standing Orders at the council meeting held on the 29th May 2024. The Standing Orders are the latest NALC Model.</p> <p>NALC's updated 2024 Model Financial Regulations were also reviewed and approved at the council meeting held on the 29th May 2024.</p>

3	<p>Are payment controls effective and VAT properly accounted for?</p> <p>Has the council recorded s137 expenditure separately and is it within the statutory limit?</p>	<p><u>Adequate payment controls</u></p> <p>Findings</p> <p>I have tested all payments to ensure that they are fully approved and authorised, the payments appear in the cash book and they have been reported to council. I have also reviewed for completeness, accuracy, correct year of account, classification in the council's accounts, compliance with Financial Regulations and the correct treatment of VAT.</p> <ul style="list-style-type: none"> ➤ It is noted that official VAT invoices were not obtained for payment references; 34, 53, 93 and 106. On these occasions order acknowledgements and an Amazon receipt, not showing a VAT number, were provided in support of the payment ➤ A receipt is not on the file presented to audit for payment reference 64 on the 12th July for £19.98, in respect of lavender plants from Lidl. ➤ Payment reference 62 in respect of plants costing £100.00 is supported by two official VAT receipts. The VAT elements of these receipts, however, have not been recorded in the cash book to enable the council to recover the VAT from HMRC. <p>A total of £8,050 has been identified as s.137 expenditure. All expenditure is appropriate and the total paid in the year is less than the statutory annual limit.</p> <p>All council payments were paid by BACS with the exception of a DD payment to the Information Commissioners Office. All invoices are signed as authorised by two council members and all payments are reported to council for approval.</p> <p>Recommendations</p> <ul style="list-style-type: none"> ● The council should obtain, when possible, an official VAT receipt for applicable purchases to enable it to reclaim the VAT element from HMRC.
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		<ul style="list-style-type: none"> ● A receipt/invoice should always be obtained for all council purchases and retained for audit purposes. ● When the council is in receipt of official VAT receipts/invoices the VAT elements of the purchases should be identified in the cash book for reclaim from HMRC.
4	<p>Has the council assessed the significant risks in delivering its activities and services and regularly reviewed the adequacy of these assessments?</p> <p>Is insurance cover appropriate and adequate?</p> <p>Are financial controls documented and regularly reviewed?</p>	<p><u>Assessment of significant risks</u></p> <p>Findings</p> <p>The council's General and Financial Risk Assessment was approved at the council's Annual Meeting held on the 29th May 2024.</p> <p>The council's Health and Safety Policy was reviewed and approved at the Annual Meeting held on the 29th May 2024.</p> <p>A PAT testing certificate dated 09/07/24 in respect of the Village Hall has been provided to audit. All items have been certified as "Pass".</p> <p>An inspection of the emergency lighting at the Village Hall was undertaken on the 17th January 2025 and a compliance certificate was issued</p> <p>Fire extinguishers were inspected and serviced on the 15th January 2025.</p> <p>A Fire and Major Incident Risk Assessment was undertaken at the Village Hall during September 2024.</p> <p>The council contracted with a RoSPA approved company to inspect the Playing Field during the year. The inspection was undertaken on the 7th August 2024 and was reported to council on the 23rd September 2024. The remedial works were discussed and agreed.</p> <p>The playing field and play equipment are also inspected two monthly by the Clerk and a record of each inspection is kept. All inspection reports have been submitted to audit for review and verification. The</p>

		<p>inspection sheets identify the equipment inspected, the date and person carrying out the inspection, the finding, any action found necessary and the date on which remedial action was completed.</p> <p>I have reviewed the council's insurance policy and the indemnity limits are adequate.</p> <p>The Clerk has confirmed that all electronic data is backed up, when required, onto a memory stick located in a secure place, and immediately to cloud. The council's computer and memory stick are both password protected.</p>
5	<p>Has the annual precept requirement resulted from an adequate budgetary process?</p> <p>Has progress against budget been regularly monitored and reported and were reserves appropriate?</p>	<p><u>Adequate budgetary process</u></p> <p>Findings</p> <p>A detailed budget, which identified all income and expenditure, was prepared for 2024/25 and a Precept of £15,738 was agreed.</p> <p>Interim budget monitoring reports were presented to each council meeting during the year. They identify the original budget and actual receipts and payments to date together with a narrative column for each budget head.</p> <p>The council's balances at the 31st March 2025 totalled £3,434. This equates to 20% of the current year's Precept requirement. The level of balance is considered by the Government to be extremely low for a council the size of Wrawby Parish Council.</p> <p>Recommendation</p> <ul style="list-style-type: none"> ● When setting future years Precepts the council should be mindful of the Government's guidance to Local Council (sections 5.33 to 5.37 of the 2024 Governance and Accountability Guide) regarding the minimum level of general balances.

6	<p>Was all expected income fully received in accordance with the current scale of charges, properly accounted for and promptly banked?</p> <p>Were security controls over cash and cash equivalents effective?</p>	<p><u>Adequate income controls</u></p> <p>Findings Apart from the Annual Precept, the council also received two VAT refunds, a NLC grant in respect of the King's Coronation, two In Bloom grants, donations and bank interest.</p> <p>Documentary evidence in respect of the income received during the year has been agreed to the cash book.</p>
7	<p>Were petty cash payments appropriate and supported by receipts?</p> <p>Was all expenditure approved and reported to members?</p> <p>Has VAT been correctly accounted for?</p>	<p><u>Appropriate petty cash controls</u></p> <p>Findings The council does not maintain a petty cash system.</p> <p>Any items purchased by Council Members or the Clerk have been reimbursed via the council's payments system.</p> <p>Issues in respect of reimbursement invoices are noted in section three of this report.</p>
8	<p>Do all employees have contracts of employment with clear terms and conditions?</p> <p>Are salaries to employees and all other payments and allowances paid in accordance with council approvals?</p> <p>Has PAYE and NI been correctly deducted and paid to HMRC?</p>	<p><u>Adequate payroll controls</u></p> <p>Findings The council's Clerk received a contract of employment which contains clear terms and conditions.</p> <p>I have agreed all gross pay during the year to the Clerk's terms and conditions in the contract of employment and the 2024/25 NJC pay award including back pay from the 1st April 2024.</p> <p>The Clerk is subject to PAYE and NI regulations and statutory deductions have been correctly paid to HMRC.</p>

9	Is the Asset and Investment Register complete and accurate and reviewed on a regular basis?	<p><u>Appropriate recording of assets</u></p> <p>Findings</p> <p>The council maintains a formal Asset Register in the recommended format. It was presented to and approved by council on the 29th May 2024.</p> <p>New purchases during the year have been added to the register at the correct valuation excluding VAT.</p>
10	<p>Were bank reconciliations performed on a regular and timely basis?</p> <p>Has a year-end reconciliation been performed and balanced?</p> <p>Have all bank reconciliations been reviewed by an appointed member and evidenced as such?</p>	<p><u>Adequate bank reconciliations</u></p> <p>Findings</p> <p>A year-end and five interim bank reconciliations were prepared throughout the year and presented to each council meeting for review and approval.</p> <p>In accordance with best practice and as a key element of sound financial control, the Chair, when authorising the monthly bank reconciliations, also signs against the respective month-end bank balances on the bank statements to indicate that he/she has checked that both are in agreement.</p> <p>The reconciliations contained no unusual or balancing figures.</p> <p>The year-end reconciliation has been separately documented for External Audit purposes. I have agreed the reconciliation to the cash book, bank statements and the AGAR.</p>
11	Were Accounting statements 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,	<p><u>Correct accounting basis and previous Internal Audit Report actioned</u></p> <p>Findings</p> <p>The year-end statements have been prepared on the correct accounting basis (Receipts and Payments) and, therefore, debtors and creditors have not been included.</p> <p>The statements agree with the cash book and there is an underlying audit trail from the cash book to the year-end statements.</p>

	<p>were debtors and creditors properly recorded?</p> <p>Has the previous Internal Audit Report been submitted to council and actioned as necessary?</p>	<p>The total value of assets shown on the Asset Register agrees to the declaration in box 9, Fixed Assets, on the year-end Accounting Statement.</p> <p>The 2023/24 Internal Audit Report was presented to the Annual Meeting of the council on the 29th May 2024. The minutes record that the report was received and the recommendations noted.</p>
12	<p>If the council certified itself as exempt from an External Audit Limited Assurance Review last year, has it met the exemption criteria and correctly declared itself exempt?</p>	<p><u>Exemption Certificate</u></p> <p>Findings</p> <p>Form 2, the Exemption Certificate part of the Annual Governance and Accounting Return, confirms that the council's gross income and gross annual expenditure for the year did not exceed £25,000. The council did, therefore, correctly complete an Exemption Certificate in respect of 2023/24.</p> <p>Minutes of the Annual Council meeting held on the 29th May 2024 confirm that "Wrawby Parish Council met the criteria to declare itself eligible to submit a Certificate of Exemption to the External Auditor."</p>
13	<p>Did the council publish information on a website/webpage, up to date at the time of the internal audit, in accordance with the Transparency code for smaller authorities?</p>	<p><u>Transparency Code</u></p> <p>Findings</p> <p>I have reviewed the Council's website and confirmed that all required information has been published in respect of 2023/2024, in accordance with the Transparency Code.</p>
14	<p>Did the council correctly provide, during the summer, the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations 2015?</p>	<p><u>Exercise of Public Rights</u></p> <p>Findings</p> <p>I have confirmed by a review of the council's website that, during the summer of 2024, the council correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the 2015 Accounts and Audit Regulations.</p>

15	Did the council comply with the publication requirements for the previous year's AGAR?	<u>Publication Requirements</u> Findings I have reviewed the council's new website and confirmed that the council published the correct documents as required by the Accounts and Audit Regulations 2015.
16	Has the council met its responsibilities as a Trustee?	<u>Trustee responsibilities</u> Findings I have seen no evidence that the council has responsibility for Trust Funds and the Clerk has confirmed this to be the case on the year-end Accounting Statements.

Executive Summary

The accounts and governance arrangements of the council have continued to be maintained to a high standard and the assistance of the Clerk of the council in the completion of this audit was much appreciated. Page | 12

The internal financial control environment within the council is excellent and the consideration and adoption of the above recommendations will strengthen the systems, procedures and governance arrangements already in place.

The Internal Audit has been conducted in accordance with the Governance and Accountability for Local Councils – Practitioners Guide 2024.

I confirm that I have no relationship or interest, financial or otherwise, with any member or officer of the council.

Richard Dixon

Public Sector Audit

7th April 2025

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