Annual Internal Auditor's report 2024/25
Staple 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 8th January 2025 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 Staple Parish Council. In addition, a Zoom meeting was held on 21 May 2025 to review this report.

The written report is laid out using the same format and headings as the AGAR Internal Audit report (page 4). Where I have answered NO to any of the AGAR assertions, the comments in bold in this report demonstrate the reasoning. I would recommend that the Practitioners' Guide is also referenced – the version for 2024/25 is available at Practitioners' Guide 2024.

Overall, the standard of management and governance processes is adequate, with some issues highlighted below for the attention of the Parish Council. I would like to thank the new Parish Clerk/RFO, Sophie Gaskain for her cooperation and assistance in facilitating this internal audit. She is keen to bring the Parish Council into compliance with legislation and best practices.

Internal Audit report assertions

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

- A commercial software program is in place which requires some set-up adjustments to make it more suitable for production of accurate reports and

information. The draft AGAR accounting statement initially did not pick up HMRC payments as part of staff costs for instance. The Clerk has now prepared a spreadsheet analysis of the cashbook which has been reconciled to the year-end bank statements and facilitated an accurate AGAR accounting statement.

- Prior year's cashbook has been correctly brought forward.
- There should be a column in the accounts for S. 137 expenditure, to ensure that statutory limits are not exceeded.
- Council minutes for the year are on the website. However, May, July and September 2024 are scans of the signed versions which are not accessible. I would also recommend redacting any signatures on website documents. Parish Council minutes become a legal document once they are physically initialled (each page), signed and dated following approval at the ensuing meeting. I reviewed 3 months where two were not dated when signed. The pages must be numbered sequentially and filed in accordance with Local Government Act 1972 sched 12 paragraph 41 (1) (2).

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 in place and are based on the 2024 model template. I recommend that the Council reviews the latest 2025 amendments to the NALC Model Template Financial Regulations, in particular 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.
- Invoices are processed promptly, with the Clerk/RFO checking for validity and prior authorisation. They are then presented to full council for approval at a meeting.
- A random sample of financial transactions was examined in detail and generally found to be administered correctly in accordance with Financial Regulations. However, three requested invoices were not available – it is essential that accurate records are kept. One payment transaction in the amount of £100 was marked as unknown and could possibly be a duplicate payment. The minutes reflect that £100 was agreed for the Annual Parish Meeting refreshments and then a separate set of refreshments for D-Day. Strong internal controls and adequate documentation should prevent this type of error. I would recommend consistency in processing payments – all invoices/payslips should be initialled upon review and cross-referenced with cheque numbers.
- Two Councillors are authorised on the banking mandate with the Clerk/RFO as administrator. Two Councillors are required to authorise payments, which are made by cheque. I would recommend that at least four Councillors are on the

mandate as signatories, with one non-signatory designated as responsible for internal controls.
- No council debit card is in place. Occasional purchases are made by the Clerk and reimbursed.

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

- **The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. I could find no minute or other evidence that the Council reviews its internal controls annually.**
- **I also could find no minute or other evidence that a Strategic Risk Assessment has been conducted. I would recommend a complete review and development of a Strategic Risk Assessment that covers both financial and operational risks. This should be reviewed annually and minuted as such. See Practitioners' Guide paragraph 1.32, 5.89-5.99 and the template example on pages 66-69.**
- Standing Orders were last reviewed in March 2025 and are reviewed regularly. NALC has also issued (April 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 is in place to appropriate levels for Fidelity, Employers and Liability. However, the Council is not insuring its assets which may be a financial risk with there being insufficient reserves for replacement. I would recommend that the Council urgently reviews this when renewing its insurance for 2025/26.
- Asset inspections: there does not appear to be a formal, regular inspection of assets or of any trees for which the Council may be responsible. Regular tree inspections should be conducted by an arboriculturalist and I would check with your insurers as to the frequency they require.
- Full risk assessments should be conducted for all Council activities and kept on file, as well as risk assessments and copies of liability insurance from any contractors used.
- Electronic documents are now backed-up to cloud storage. I would recommend that access codes and passwords are stored in a secure file held by 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 Budget for 2024/25 was agreed at the January 2024 meeting, and the Precept was also set at the same meeting in the amount £12,735. (minute 6.4). The 2025/26 budget was agreed at the 8th January 2025 meeting, and the Precept was set at £12,990.72 (minute 5/25).
- A budget vs expenditure review was conducted in December 2024 when the first draft budget was considered. These should be conducted quarterly at a minimum.
- The Council has a cash balance of £9,959, of which £2,199 is held in a reserves account. Practitioners' Guide (paragraph 5.34) recommends that a small council should hold close to 12 months' General Reserves. I would recommend reviewing reserves held, to cover any future election costs, remedial tree works and unexpected contingency issues.

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

- The precept received (£12,735) agrees to the precept request for 2024/25 and matches central government records.
- VAT refund claims have not yet been made for 2024/25, nor could I see any evidence that any claims were received in the year for 2023/24. I would recommend checking when the last VAT refund was received and claiming as soon as possible for any monies owed. The Council can claim for up to 4 back years – see Claim a VAT refund as an organisation not registered for VAT - GOV.UK
- The Council is not registered for VAT as it does not make vat-able supply.
- Bank interest of £31.87 was earned.
- A Grant was received in the amount of £1,000 from KALC.

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 Council has one employee, who, as of May 2025, does not have an employment contract. A formal contract is required, together with a confirmatory letter setting out any changes to contract. Employment contracts: Overview - GOV.UK (www.gov.uk) NALC issued an updated model template in December 2023, together with guidance notes and this can be downloaded from their website.**

- A working from home allowance is paid – this amount should not be included in line 4 staff costs.
- The Council is registered with HMRC as an employer, and Basic Tools PAYE software is used for payroll processing and reporting to HMRC which is a requirement even if no PAYE is due.
- I have not viewed the year-end HMRC online balances due to access problems.
- **The Council is not registered with the Pensions Regulator which is a statutory requirement even if any employee falls below the threshold for pensions and the Council does not have to provide a pension scheme. I would recommend that the Council reviews [I'm an employer who doesn't have to provide a pension now | The Pensions Regulator]**
- No Councillors' allowances are paid.

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

- The asset register has been reviewed and revised in March 2025. Valuations are based upon purchase price. Any land owned should also be included; for valuations see Practitioners' Guide paragraphs 5.16 and 5.57-5.69. I would recommend minuting this and ensure that it the register is considered when reviewing the insurance renewal.
- As mentioned previously, regular inspections of assets should be conducted.
- The Council does not hold any long-term investments, nor does it have any outstanding loans.

I. Periodic bank account reconciliations were properly carried out during the year.

- Bank reconciliations are prepared monthly and submitted to full council. These should be physically signed & dated and kept on file.
- I was able to verify that the year-end bank reconciliation 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.
- Line 2 agrees to the value of the precept raised and received.
- Line 8 agrees to the year-end bank reconciliation and supporting bank statements.

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.

- The Council met the criteria as set out in Form 2 of the Annual Governance & Accountability Return. Neither payments nor receipts exceeded £25,000.
- The Council approved the 2023/24 Certificate of exemption at its 8th May 2024 meeting.
- The exemption certificate is published on the Council's website.

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.

- **Transparency Code for Smaller Authorities 2015. Parish Councils below the £25,000 threshold are required to follow the Transparency Code guidelines for publication, which includes: all items of expenditure above £100; end of year accounts; annual governance statement; internal audit report; a list of councillor or member responsibilities; details of public land and building assets; and minutes, agendas and meeting papers of formal meetings. Part of the Transparency Code publication requirements is that all supporting papers (draft budgets for example) are published with the agendas for meetings. See page 6 paragraph 10 of the Code. At present the Council is not fully compliant with the Code.**
- **Data Protection Act 2018 It is also a requirement that Parish Councils register with the Information Commissioner's Office as a Data Protection processor (£47/year if paid by direct debit). Please refer to Data protection fee | ICO Parish Councils do not have to appoint a Data Protection Officer, but the Council is considered a Data Controller. See NALC's LTN 38 'Data Protection'. A Data Protection policy is also required.**
- **Freedom of Information Act 2000 The website does not contain the ICO's model publication policy which is a requirement. The latest ICO version is available at template-parish-councils-2021. Please refer to NALC's LTN 37 'Freedom of Information' paragraphs 21-22. A privacy policy is also required.**
- **The Accounts and Audit Regulations 2015 – regulation 13 requires that all authorities publish on their website for at least 5 (five) years: the Annual Governance statement, the Statement of Accounts, any Certificate of Exemption, the AGAR Internal Audit report, the analysis of variances, bank reconciliations and notice of public rights. The Parish Council does not meet these requirements as only 4 years are evidenced, and none of them contain all of the required information. It is also recommended that you publish the Internal Auditor's written reports.**

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 have viewed a copy of the dates for Electors' Rights which took place between Monday 24th June and Friday 2nd August 2024. The date of announcement was 23rd June 2024. The notice is available on the Council website.

N. The authority has complied with the publication requirements for 2023/24 AGAR *(see AGAR page 1 Guidance Notes)*

- **The Certificate of Exemption, analysis of variances and notice of public rights are all on the website, but the Internal Audit (AGAR) report, Governance Statement and Accounting Statement and bank reconciliation are missing.**

O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.

- Not applicable, not a trustee.

Other matters not covered above:

- I would recommend that the Council reviews 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.
- Annual election of Chairman at May Annual Parish Council Meeting – when the Chairman has been elected, it is a requirement that they sign an acceptance of office of Chairman, and this should be minuted. See Local Government Act 1972 and The Local Elections (Declaration of Acceptance of Office) Order 2012
- Elected & co-opted councillors – signing of acceptances of office should also be minuted.
- The Public Sector Bodies (Websites and Mobile Applications) Accessibility Regulations 2018 **Compliance with this is a requirement. Testing of the website should be done regularly and there are several tools available for this. Further guidance can be found at Testing for accessibility – Service Manual – GOV.UK In addition, the Council must provide an accessibility statement on the website, which is updated where applicable on a regular basis as updates are made by the government. The current standard for websites is WCAG 2.2 AA. A sample is available at** Sample accessibility statement – GOV.UK **It is the council's legal responsibility to ensure that the website meets accessibility requirements**.

- Documents such as agendas and minutes need to be in an accessible format utilising 'headers' and saving in a PDF/A format to allow for navigation. Help with this can be found at Creating Accessible Documents | AbilityNet
  This affects most documents created by the Council, dated back to September 2018.
- In conjunction with general risk management, the Council should update or develop and adopt the following regulations/policies:
  - Updated Code of Conduct (Latest version available from your Monitoring Officer)
  - Updated Standing Orders (NALC template 2025)
  - Updated Financial Regulations (NALC template 2025)
  - Strategic Risk Management/Internal Controls policy
  - Model Publication Scheme (ICO)
  - Accessibility policy for website

This report and its recommendations are to help the Council and not to criticise it. There are many excellent practices in place which reflect well on the Clerk/RFO/Proper Officer. The report should be submitted along with the Annual Internal Audit Report 2024/25 to the full council for review and consideration. If you have any questions, please do not hesitate to ask.

Deborah O'Brien **CiLCA PIALC**
21st May 2025