

May 6, 2025

## **Gulworthy Parish Council Internal Audit Report 2024/25**

Normally your Internal Auditor only prepares a full report if income and expenditure is over £25k, however, there are a number of issues still to be addressed by the council since the last formal report letter for the 2022/23 audit.

Testing was carried out using sampling where appropriate and covering a range of financial, risk and governance assessed as appropriate for a council of this size and complexity. The findings are reported below:

### **✓ Governance and Control**

All councils of whatever size are required to annually prepare and consider:

- A general and financial risk assessment covering the council's activities.
- A statement of internal control.
- Annually review any charges for services whether or not they are increased and record this in minutes.

Councils under £25,000 turnover are legally required to publish on a website disclosure of information required by the Transparency Code for Smaller Authorities 2014.

Councils with total turnover or expenditure over £25,000 are subject to the requirement of the Freedom of Information Act, where it is a requirement that public bodies publish certain information on their website, and should as best practice comply with the Local Government Smaller Bodies (Transparency Requirements) Regulations 2015.

Councils should ensure compliance with the new rules regarding General Data Protection Regulations (GDPR), which came into effect in May 2018.

Councils should have in place and periodically review:

- Standing orders for the conduct of council meetings are required by law and should be periodically reviewed and changed to reflect current legislation.
- Financial regulations for the control of its financial administration are required by law and should be periodically reviewed for either changes in legislation or internal control procedure changes.
- Any Council moving away from 2 cheque signatories by Councillors and utilising online banking, should have procedures and controls in place to establish appropriate safeguards.

***Satisfactory, however, the Internal Control statement makes no mention of internal audit, which is a key component of any controls. This should be rectified.***

✓ **Precept, Budgets and Reserves**

The precept was agreed to the minute setting the precept, the principal authority tax collecting authority records. The receipt was traced and agreed to bank and cash book records. The precept was set after consideration of a budget and consideration of an appropriate level of free reserves (the General Fund) which is generally accepted should lie between 3 and 12 months' expenditure.

***The balances of the council are high (over 3 x precept). At the budget setting meeting for 2025/26 it was anticipated that a small amount of these reserves may be necessary to balance the budget.***

***There are also no earmarked reserves identified on the budget paper provided.***

***It is recommended that the level of balances should be continue to be monitored and the council consider earmarking some of the funds. Discussions should be fully minuted to explain and support the council's decision process.***

✓ **Other Receipt or Income**

A sample of other receipts were tested to ensure that, as appropriate:

- That grants and interest were correctly recorded in the cash book and agreed to bank statement
- Chargeable services were correctly and promptly charged to the beneficiaries of those services and that arrangements were in place to pursue late payment.

***Satisfactory.***

✓ **Staff Cost**

Testing was carried out as appropriate to ensure that:

- Rates of pay were as approved by Council.
- Additional hours worked were approved and supported by time records.
- Employees are paid in accordance with contractual obligations and on the correct pay date.
- Employees have a written statement of principal terms and conditions.
- That PAYE and NI are operated and paid promptly.

***Satisfactory.***

✓ **Payments including Bank and Petty Cash**

A sample of payments were tested as appropriate to confirm:

- Payments are made in accordance with financial regulations
- Payments are supported by invoice, receipt, expense claim, petty cash voucher or other appropriate documentation.
- Grant payments are subject to a proof of need assessment, are required to be evidenced as spent for the approved purpose, and unless having the general power of competence are made within permitted powers.
- Cheque payments are promptly cleared.
- Where payments are made other than by cheque with 2 councillor signatories the council has considered and actioned the requirements of appendix 10 of Governance and Accountability and have documented the process followed and annually review the control of wider definition "money".



**Generally satisfactory, although all invoices should be in the name of the parish council in order to reclaim VAT.**

**The clerk should ensure that a complete set of bank statements is provided for the audit. The accounts required re-balancing due to the accounting treatment of an inter-account transfer and the inclusion of an amount of burial fees, which had been accounted for in last year's accounts. Necessary adjustments have been made and the Annual Governance and Accountability Return (AGAR) completed with the correct figures.**

✓ **Insurance**

Insurance cover was reviewed as appropriate to confirm

- Adequate Fidelity Guarantee cover in place
- Range of cover in place has been reviewed at renewal and this has been recorded in the council minutes
- By sample test that assets other than land that appear on the Fixed Asset Register are insured or if not that there has been a decision not to cover them (for example because the excess is greater than the asset value insured).

**Generally satisfactory, however, the indicative level, highlighted as best practice, for fidelity guarantee cover, is year-end balances plus half of annual precept. This is currently £28k, whilst the council cover is £25k. The council should review this level of cover.**

✓ **Fixed Assets**

Tests were carried out to confirm as appropriate

- fixed asset register is up to date
- additions have been correctly identified and a system exists for the identification of fixed assets
- that the disposal by scrapping, selling or part exchange of assets has been approved by council
- that where an insurance value has been used as the cost of an asset was unknown that the value is not increased as the insured value increases.

**With reference to the Practitioners Guide, it is recommended that the asset register is expanded to include the basis of valuation. It is also important to identify and confirm the location of any deeds or licences i.e. land for the bus shelter site, with this information annotated in the asset register.**

✓ **Burials**

A detailed review was carried out on the parish council burial function at this audit.

At the 2022/23 audit it was confirmed that prior to that audit, a review had not taken place for a number of years. In the council minutes, it identified that there is an urgent need to clearly mark and plan all cemetery plots. As a result, the clerk prepared a report for the council, which highlighted a number of issues, both in the system, documentation and on the ground. In particular, burials in reserved spaces were not practically possible due to incorrect marking of the burial plots.

A site meeting planned for December 2022 with councillors has still not taken place, although a review has taken place of the fee scale and burial ground definitions effective from January 2025.

***At the 2022/23 audit, the clerk was advised that no further burials should take place in the area that requires plotting, marking and agreement to plan. Until this process has been satisfactorily completed, a new area of the cemetery should be used. The clerk explained that this had been instigated since the beginning of 2023/24.***

***It is crucial that the council prioritises this matter and proceeds with a detailed review in 2025/26. This will likely require additional time, resources and professional guidance.***

Please provide copies of the signed and authorised AGAR forms once this has been completed. Refer to the audit checklist and request further clarification for any of the audit points if necessary.

Many thanks for your assistance in the completion of the audit.

Kind regards  
Julie



Council: Julie Snooks - Internal Auditor  
 Year: 2024/25

\* CHECKLIST USED FOR AUDITS BELOW £25K AND EXEMPT FROM EXTERNAL AUDIT\*

Topic	Yes	No	n/a	Actions Required	Notes
Insurance	✓				
Precept	✓	✓		*	FG low. Inducement level is be bats + 1/2 precept (£28K)
Fixed Assets	✓			*	
Risk	✓			*	High balances. Documented review on bank statements for use in 25/26 budget. Location of deeds still not identified on assets register. Highlighted several years.
Internal Control	✓			*	NO mention of IA in document. This is important to know.
GDPR	✓				
Payroll	✓				
	✓				
	✓				
Petty Cash	✓				
VAT	✓			*	All invoices should be in the PC name to reclaim VAT.
Standing Orders	✓				
Financial Regulations	✓				
Bank	✓				
Other receipts tested	✓			*	Missing statements from auditors papers. Subsequently provided.
Other payments tested	✓				
Annual Return/AGAR	✓				
Internal/External audit	✓			*	£350 cash in transit 23/14 needs reviewing from 24/15 face page + internal transfers.
FOI / Transparency Code	✓			*	A number of issues d/c. PC just "note" IA report.
AGAR & financial records on website	✓				
AGAR - correct approvals	✓				
Public Rights	✓			*	Audit prior to approval
Audit closure	✓				Hard copy seen for recommendation added to website. Although under £25K some historical issues not resolved. AGAR Agies - not completed prior to audit.

U 6/5/25