All Cannings Parish Council

Internal Audit Report 2024-25

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Consultant

For and on behalf of
Auditing Solutions Ltd

Background

Statute requires all town and parish councils to arrange for an independent internal audit examination of their accounting records and system of internal control and for the conclusions to be reported each year in the AGAR.

This report sets out the work undertaken in relation to the 2024-25 financial year. We have undertaken our review for the year remotely: we wish to thank the Clerk for assisting the process, providing all necessary documentation in both hard copy and electronic format to facilitate prompt completion of our review for the year and sign off of the Internal Audit Certificate in the year's AGAR. We have undertaken sufficient transaction testing to support our assurance as to whether Governance and financial controls are effective.

Internal Audit Approach

In undertaking the review for the year, we have had regard to the materiality of transactions and their susceptibility to potential misrecording or misrepresentation in the year-end Statement of Accounts and AGAR. As the Council's Internal Auditor and under the present audit arrangements, we have a duty to complete the internal audit report, as part of the Council's AGAR process, which covers the basic financial systems and requires assurances in a number of areas.

Overall Conclusion

We are pleased to note a much improved situation from our 2023-24 report, which is to the credit of the Clerk. Therefore we can offer the Council a reasonable assurance on the quality of their governance and internal control procedures during 2024-25. We have not made any formal recommendations this year, but this report does contain some observations that we would invite Council to consider.

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Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

The Council maintains its accounting records using the Scribe accounting system, which provides a good level of financial control and report analysis. Two bank accounts are maintained with Lloyds Bank (Community and Commercial, the latter being interest-earning). We have noted that the former NS&I account was closed in December 2024, and have reconciled the transfer of the closing balance to the Council's Lloyds account.

Our objective in this area of review is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in the cashbook. We have accordingly: -

- Ensured that the accounting structure is appropriate for budgetary purposes, and that annual totals have been properly transferred to the 2024-25 AGAR;
- Verified the accurate carry forward of the closing balances for 2023-24 into the 2024-25 Scribe system;
- Agreed the balance on the draft 2023-24 AGAR to the bank balance at 31 March 2024.

We note that monthly bank reconciliations are presented to the Council. However, we can find no evidence that these are periodically checked by an independent Councillor in accordance with Financial Regulation (FR) 2.6. We have referred this with the Clerk, who will raise it with Council.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation, other than our observation about instituting an independent finance check in accordance with FR2.6.

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 (SO's) and that, as far as we are reasonably able to ascertain, no actions of a potentially unlawful nature have been or are being considered for implementation.

We note that the Council has Standing Orders (SO's) and Financial Regulations (FR's) in place, which were last reviewed in February 2025 and are in the current NALC Model Forms. Tender limits in both documents have been set at £15,000.

We have reviewed the Council's Minutes as posted on the website, and have found no issues of concern.

The Council's website shows a good level of compliance with the Transparency Code 2015, with all appropriate reports and documents available for Public download.

Finally, we confirm that the Exercise of Public Rights with regard to the 2023-24 accounts was properly undertaken in accordance with the Accounts and Audit Regulations.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation.

Review of Expenditure

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- Appropriate documentation supports payments, 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 expense codes have been applied to invoices when processed; and
- VAT has been appropriately identified and coded to the control account for periodic recovery.

We note that payments are approved at each meeting. Our sample testing has shown that individual invoices are signed off by Councillors.

We have test-checked a representative sample of invoices to the cashbook and bank statements, with no issues of concern arising.

We note that VAT is reclaimed from HMRC on an annual basis. We have reconciled the reclaim of the 2023-24 balance to the income records, and note that a balance of £2,370.32 is outstanding at 31 March 2025.

Conclusions

There are no issues arising in this area of our review 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 have:

- Examined the Council's current insurance policy via Clear Councils brokers, noting that appropriate cover is in place for both Employer's and Public Liability cover at £10 Million each, together with Officers Liability at £500,000, all of which we consider appropriate for the Council's present needs. We also note suitable cover for play park equipment, which is the subject of an annual RoSPA review;
- Noted that the Council has reviewed and adopted a suitable Risk Assessment at the February 2025 meeting, which meets the FR2.2 requirement for at least an annual review.

We have seen no evidence that regular inspections of the Council's play park are undertaken and reported to the Council, although we note a large amount of voluntary work by Councillors. Insurers are increasingly seeking evidence of simple visual inspections (a ticksheet signed by a Councillor is sufficient) as a defence against vexatious claims, which can be made up to 21 years after the event. We understand that the Clerk is developing a suitable procedure for this.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation, other than our observation about undertaking regular visual inspections of play equipment, results being reported to Council and retained for a long period.

Budgetary Control & Reserves

Our objective here is to ensure that the Council has a robust procedure in place for identifying and approving its future budgetary requirements and level of precept to be drawn down from the Precepting Authority: also, that an effective reporting and monitoring process is in place. We also aim to ensure that the Council retains appropriate funds in general and earmarked reserves to finance its ongoing spending plans and cover any unplanned expenditure that might arise.

We note that the Council undertook a review of its 2025-26 budget in January 2025, setting the Precept at £23,000, which was properly minuted. The Council has received budgetary control reports at each meeting during 2024-25.

We have clarified with the Clerk that the Earmarked Reserves (EMR) total £21,500 at 31 March 2025. Against the bank balance at 31 March 2025 of £41,472, this leaves a General Reserve of £19,972, which is 86.8% of the 2025-26 Precept as against a Best Practice level of 50%. The level of the General Reserve is therefore very high, although we understand that funds are being retained for a possible Cemetery extension. The level of the General Reserve should be kept under review by the Council.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation, other than our observation about maintaining an overview of the General Reserve.

Review of Income

We note that, apart from the usual income sources of the Precept, grants, VAT reclaims and bank interest, the Council also maintains and receives income from the Cemetery and an Allotment. We have test-checked receipts with no issues arising.

We note that the Council reviewed its Cemetery fees in February 2025, which meets the FR13.2 requirement for an annual review. We understand that the charges for the allotment are subject to review given increased expenditure.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation.

Petty Cash Account

The Council does not operate a petty cash account. Therefore there are no issues arising in this area of our review warranting formal comment or recommendation.

Review of Staff Salaries

In examining the Council's payroll function, we aim to confirm that extant legislation is being appropriately observed as regards adherence to the Employee Rights Act 1998 and the requirements of HMRC legislation as regards the deduction and payment over of income tax and NI contributions.

We note that payroll services are provided by an external contractor (David Owen, Chartered Accountants).

We have test-checked payroll transactions for the Clerk during 2024-25, noting that returns are routinely made to HMRC, and that the NJC pay awards have been properly authorised and applied.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation.

Investments and Loans

We aim in this area of our review process to ensure that the Council is taking appropriate action to ensure interest earning capabilities are optimised whilst safeguarding the Council's resources. We note that the Council maintains no investments other than its Lloyds bank accounts, the NS&I account having been closed during the year as referred to above.

No loans are in existence either payable by or to the Council.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation.

Fixed Asset Register

We have agreed the reported value in Scribe to the underlying records.

We believe that the Council's Asset Register meets the requirements of the Governance and Accountability Manual, showing all assets valued at either original cost price or a nominal £1 if historic costs cannot be identified.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation.

Annual Governance and Accountability Return AGAR)

We have checked and agreed the values to be reported in the 2024-25 AGAR (Section 2) to the underlying year-end financial detail, with no issues arising.

We have duly signed off the Internal Audit Certificate in the 2024-25 AGAR, assigning appropriate assurances in each area.

We note that, due to increases in the levels of both income and expenditure in 2024-25, the Council is now subject to a Limited Assurance review by the Government-appointed External Auditor.

Rec. No.	Recommendation	Response
	No recommendations made	