Annual Internal Audit Report 2024/25

ABBERLEY PARISH COUNCIL

https://www.abberleyparish.org.uk/

During the financial year ended 31 March 2025, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2024/25 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✔		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.		✔	
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✔		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✔		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✔		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✔
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.	✔		
H. Asset and investments registers were complete and accurate and properly maintained.	✔		
I. Periodic bank account reconciliations were properly carried out during the year.	✔		
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.	✔		
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. *(If the authority had a limited assurance review of its 2023/24 AGAR tick "not covered")*			✔
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.	✔		
M. In the year covered by this 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).*	✔		
N. The authority has complied with the publication requirements for 2023/24 AGAR *(see AGAR Page 1 Guidance Notes).*	✔		

O. **(For local councils only)** Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✔

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

21/09/2024 28/04/2025 DD/MM/YYYY

Name of person who carried out the internal audit

G M Lungley

Signature of person who carried out the internal audit SIGNATURE REQUIRED

Date 28/04/2025

***If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).**

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

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Abberley Parish Council

Annual Internal Audit Report 2024/25

Having been appointed at the parish council meeting held 18th September 2024 I have now completed an internal audit of the parish council's accounts and governance procedures.

Included in this annual review is my understanding of those procedures and the processes that inform the parish council's end of year figures, and which support the completed Annual Internal Audit Report section of the AGAR for 2024/25. The signed copy is returned herewith.

The role of the Internal Auditor is to review systems rather than undertake detailed checks that are more appropriately the responsibility of the council, however in this report I have included a few recommendations as '**Comment**' where there is potential for improvement.

I confirm I have acted independently of the council to produce this report.

In general, I have found the records of the council's accounts and governance procedures to be well kept, and would like to thank your Clerk, Carole Hirst, for her assistance in preparation of this report.

G Lungley

Gill Lungley
Internal Auditor
28/04/2025

Introduction

The Accounts and Audit Regulations 2015 require all parish and town councils to prepare an Annual Governance and Accountability Return (AGAR). The process expects the council to conduct a review of the effectiveness of their system of internal control in accordance with proper practices relating to accounts, and appoint a competent, independent person to undertake an internal audit.

As part of that review process, Abberley Parish Council has appointed me to undertake the annual internal audit. The role of the Internal Auditor is to look through the council's processes and procedures and, where necessary, make recommendations (here noted as '**Comment**') intended to support improvement of the Council's governance.

The primary objectives of Internal Audit are to:

i. review, appraise and report upon the adequacy of governance and internal control systems operating throughout the council, for which I will adopt a predominantly systems-based approach; and

ii. carry out an annual inspection of the books and records of the council.

Scope of Work

In keeping with Proper Practices, I have checked the following key areas for compliance:

A. Proper bookkeeping
B. Payment controls in relation to Financial Regulations
C. Risk management and Financial Internal Controls
D. Budgetary controls
E. Income controls
F. Petty cash procedures (if applicable)
G. Payroll controls
H. Assets and investments
I. Bank reconciliations.
J. Accounting statements and application of spending powers
K. Exemption criteria (if applicable)
L. Website and transparency code
M. Public Rights notice and dates
N. Publication of previous AGAR
O. Review of the status of Trusts (if applicable)

Please note: Reference to "Proper Practices" is to the annual publication from the Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide. In this case it refers to the edition for the financial year 2024/25, which is available online here: file (https://www.saaa.co.uk)

AGAR certificate reference	**Internal Audit action for expected controls,** as specified in 'Governance and Accountability for Smaller Authorities in England', March 2024	
A.	**Appropriate accounting records have been properly kept throughout the year.** It is noted the council uses an excel spreadsheet for the bookkeeping.	
	(1) Roll forward of the prior year cashbook balances to the new financial year. Closing balances as at 31/03/2024 as shown on bank statement and in Boxes 7 and 8 2024 = £37,303.22; opening balances for all bank reconciliations £37,303.22.	✓

	(2) Financial transactions in cashbooks relative to bank statements, etc: the sample size dependent on the size of the authority and nature of accounting records maintained. Attached as appendix A.	✓
	(3) Bank Reconciliations Are bank reconciliations prepared routinely and subject to independent scrutiny and sign-off by members? **Comment:** A bank reconciliation is prepared and presented to each parish council meeting for noting, and a copy retained within the bookkeeping paperwork. It would help with council transparency and openness to record in the minutes the amounts referred to.	✓
	(4) Year-end bank reconciliation and accuracy of the combined cash and bank balances on AGAR s2, line 8. As for (1) above.	✓
B	**This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for.**	
	(1) Review the procedures in place for acquisition of formal tenders and quotes, ensuring they are in line with the SOs and FRs which should be based on the latest version. **Comment:** The council's attention is drawn to clause 10 in the adopted Financial Regulations, specifically clause 10.4: "*A member may not issue an official order or make any contract on behalf of the council.*" Review of the paid invoices shows that not all orders have been placed by the Clerk/RFO and expenditure is made prior to full council approval. Despite this, payments are supported by invoices (except for grant payments which have been separately minuted). VAT has been appropriately accounted for.	x
	(2) Review the procedures for receipt of invoices, agreement of invoice detail and confirmation of goods / services delivery and approval for payment: ideally, a suitably designed certification stamp should be in place providing for evidencing of these checks and payment authorization. **Comment:** As for B(1) above, please refer to Clause 10 of your Financial Regulations.	x
	(3) Check there is effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments. **Comment:** There is a system in place which ensures more than one person is involved in the online payment process.	✓
	(4) Check VAT reclaims are prepared and submitted in a timely manner in line with the underlying records and in accordance with current HMRC requirements **Comment:** An amount of £2,149.43 is recorded as VAT reclaimed received in February 2025, for the 15-month period to 31/01/2025.	✓

	(5) Where debit / credit cards are in use, establish the total monthly and individual transaction limits and ensure appropriate controls over physical security and usage of the cards are in place. **Comment:** A debit card is available for the Clerk's use but is rarely used.	✓
C	**This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.**	
	(1) Ensure authorities have prepared, and formally adopted, at least once annually, an appropriate and comprehensive register of assessed risks, both regular and ad hoc **Comment**: The minutes of the annual council meeting held 15/05/2024 record the Risk Assessment was noted and that no amendments were required following circulation of the document. The Risk Assessment is available on the APC website, but needs to be updated / amended.	✓
	(2) Ensure appropriate levels of insurance cover are in place for land, buildings, public, employers' and hirers' (where applicable) liability, fidelity / employees (including councillors) liability, business interruption and cyber security **Comment**: An insurance policy is in place, however it is recommended it is reviewed in line with the current asset register which includes additional defibrillator equipment that has yet to be added to the policy.	✓
	(3) Ensure appropriate arrangements are in place for monitoring play areas, open spaces and sports pitches: such reviews should be undertaken by appropriately qualified external inspectors or, if by officers or members, that they have received the appropriate training and accreditation. **Comment**: Risk assessments for the council's assets should be evidenced in writing to ensure the council has a reference point should a claim be made against it. The Risk Assessment should be updated to take into account APC's assets.	✓
	(4) Review the effectiveness of internal control carried out by the authority. **Comment**: Various policies on the APC website relate to internal control including the council's Standing Orders, Financial Regulations, and Scheme of Delegation. It is recommended these are reviewed and appropriately updated. The first two documents should be based on the most recent NALC template document.	✓
D	**The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.**	
	(1) Ensure the full Authority, not a committee, has considered, approved and adopted the annual precept for the coming year in accordance with the required parent Authority timetable. **Comment**: The precept for 2025/26 was agreed at the meeting held 20/11/2024 and followed discussion on the budget for the coming year.	✓

	(2) Ensure current year budget reports are prepared and submitted to Authority / Committees periodically during the year with appropriate commentary on any significant variances. **Comment:** the council's minutes record a budget review is presented to, and noted at, each meeting. Budget variances are highlighted. In the interests of openness and transparency it would be helpful to record the content of the review in the minutes at least every half-year.	✓
	(3) Ensure the Authority has considered the establishment of specific earmarked reserves and, ideally, reviews them annually as part of the budget assessment process. **Comment:** the regular bank reconciliation reports include a section for allocated funds which shows APC has considered the need to identify funds for specific purposes.	✓
	(4) Ensure the precept received in the accounts matches the prior year submission form to the relevant authority and the public record of precepted amounts. **Comment:** the council agreed a precept of £12,916 at its meeting held 15/11/2023 which was received in two parts during 2024.	✓
E	**Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.**	
	(1) Other variable income streams: ensure that appropriate control procedures and documentation are in existence to provide a clear audit trail through to invoicing and recovery of all such income. **Comment:** the parish council works with the county council to ensure the Lengthsman scheme is effective. Regular invoices are submitted to WCC for reimbursement of Lengthsman costs. Grant funding that has been successfully applied for is appropriately recorded in the bookkeeping spreadsheet, although unlikely to have been included in the budget for the year. Bank interest to the newly established deposit account, is received monthly. Other income may be received over which the parish council has no control, such as s106 and CIL receipts, which are recorded appropriately and identified within the list of allocated funds due to restrictions on how the money is spent.	✓
F	**Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for**	
	A number of authorities are now running down and closing their petty cash accounts and using debit / credit cards for ad hoc purchases. Consequently, a "Not covered" response is frequently required in this area.	
G	**Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.**	
	(1) Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability. No councillor claims a member's allowance. In July 2024, APC agreed an allocation of £300 to the Chair via the Local Government Act 1972, s 15.5 Chairman's Allowance.	✓

	(2) Ensure that, for a sample of staff salaries, gross pay due is calculated in accordance with the approved spinal point on the NJC scale, and also with the contracted hours **Comment**: the council operates the HMRC Basic Tools app via the Clerk and a monthly record is retained of all salary and HMRC payments due. The minutes evidence the Clerk's pay is appropriate and conforms to the relevant spinal column point according to level of responsibility etc. Appropriate returns are made monthly to HMRC; it is recommended the Clerk maintains a record via the council's government gateway account.	✓
	(3) Check the correct treatment of Pension contributions. **Comment:** No pension is currently being paid; there is evidence of registration with the Pensions Regulator.	✓
H	**Asset and investment registers were complete and accurate and properly maintained.**	
	(1) Tangible Fixed Assets: Ensure the Authority is maintaining a formal asset register and updating it routinely to record new assets at historic cost price, net of VAT and removing any disposed of / no longer serviceable assets. **Comment**: Ideally, the asset register should identify for each asset the purchase cost and, if practicable, the replacement / insured cost, the latter being updated annually and used to assist in forward planning for asset replacement. Additions and disposals records should allow tracking from the prior year to the current. The asset value reported in the AGAR, s2, line 9 must equate to the prior year reported value, adjusted for the nominal value of any new acquisitions and / or disposals. As noted above at C2 when comparing the asset register with the insurance schedule not all assets are appropriately insured.	✓
	(2) Borrowing and Lending: n/a	
I	**Bank account reconciliations.**	
	Periodic bank account reconciliations were properly carried out during the year (see objective A).	✓
J	**Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.**	
	Having a turnover of less than £200,000 for 2024/25 the parish council may prepare its accounts on Receipt and Payments basis. I have reviewed the bookkeeping and found there is an adequate audit trail from the records provided both online and in paper format.	✓
K	**If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt.**	
	Abberley PC was not eligible to claim exemption from a limited assurance review in 2023/24; no relevant declaration was required.	✓

L	**The authority publishes information on a free to access website / web page, up to date at the time of the internal audit in accordance with the relevant legislation**	
	(1) IAs should review the Authority's website ensuring that all required documentation is published in accordance with the relevant legislation. **The relevant legislation includes:** FoI Publication Scheme, Accounts and Audit Regulations 2015 Transparency Code for Smaller Authorities 2014 (NB mandatory if annual turnover is less than £25k)	✓
M	**The authority, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.**	
	(1) IAs should acquire / examine a copy of the required "Public Notice" ensuring that it clearly identifies the statutory 30 working day period when the Authority's records are available for public inspection. The appropriate notice was published within the correct timeframe.	✓
	(2) IAs may also check whether councils have minuted the relevant dates at the same time as approving the AGAR. The relevant dates were minuted at the same time as approving the AGAR.	✓
N	**The authority complied with the publication requirements for the prior year AGAR.**	
	(1) IAs should ensure that the statutory disclosure / publication requirements in relation to the prior year's AGAR have been met as detailed on the front page of the current year's AGAR. The statutory disclosure and publication requirements relating to the 2023/24 audit have been met. Receipt of the external auditor's certificate (AGAR part 3, s3) was minuted (September 2024) and published on the parish council's website.	✓
O	**Trust funds (including charitable) - the Council met its responsibilities as a trustee**	
	Not required.	n/a

Gill Lungley, 28/04/2025

Appendix A

Test sample of payments made[1].

Month	Item	Gross Amount	VAT recorded	Approval minute ref	Payment same as minuted	Date paid on bank statement
Apr24	Insurance premium	324.12	0.00	17/04/24	✓	17/04/24
May24	Hall hire	15.00	0.00	15/05/24	✓	01/05/24
Jun24	Field work, flail topper	300.00	50.00	19/06/24	✓	24/06/24
Aug24	PAYE	130.00	0.00	17/07/24	✓	05/08/24
Sep24	Tree inspection	354.00	59.00	20/11/24	✓	02/10/24
Dec24	Lengthsman	218.62	0.00	15/01/25	✓	02/01/25
Jan25	Tree services	4,800.00	800.00	19/03/25	✓	28/01/25
Mar25	Grant[2]	600.00	0.00	19/03/25	✓	20/03/25

Notes:

1. No statutory authority is recorded against each payment approval.
2. The purpose of this grant to a church-based organisation has not been minuted, but a copy of the grant request is available with the bookkeeping paperwork where it states it is to support the production of a newsletter issued to 'everyone in the village'.

Receipts				
Month	**Payer & reason**	**Amount**	**Minute ref.**	**Bank statement**
Apr24	Community Infrastructure Levy	29,704.41	17/04/2024	18/04/2024
Jun24	Worcs CC; Lengthsman reimbursement	214.50	17/07/2024	11/06/2024
Oct24	Malvern Hills DC; half-precept	6,458.00	20/11/2024	09/10/2024

Bank reconciliation based on bank statements and cashbook record to 31/03/2025.

Opening balance as at 01/04/2024 as per AGAR 2023/24 box 7:		
Bank a/c		**£37,303.22**
From cashbook to 31/03/2025:		
Add total receipts to date	£58,053.44	
Less total payments to date	-£32,676.90	**£25,376.54**
	A	**£62,679.76**
Closing balance as at 31/03/2025 from bank statements:		
Bank a/c	£8,939.29	
Commercial instant Access a/c	£53,740.47	
	B	**£62,679.76**
		A - B = £0 difference

B = Closing balance as at 31/03/2025, as per AGAR 2024/25 box 7 (rounded up).

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Explanation for 'No' response to internal control objective B.
"This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for."

The parish council's adopted Financial Regulations state at clause 10.4: "*A member may not issue an official order or make any contract on behalf of the council.*"
Review of the paid invoices shows that not all orders have been placed by the Clerk/RFO and expenditure is made prior to full council approval.

The implications of this are that the council is placed at risk should anything go wrong with the contract. The responsible financial officer, in this case the Clerk, is unable to fulfil their responsibility for ensuring oversight and that a proper record, or audit trail, is kept of all contacts, contracts and payments.

There is no question of any impropriety on behalf of the council members or the Clerk, it is merely a failure to follow the rules the council has adopted.

Despite this, payments are supported by invoices except for grant payments which have been separately minuted. VAT has been appropriately accounted for.