Parish Council

Internal Audit Report

For Aslacton Parish Council

Financial Year 24/ 25

# Prepared by Carol A Bailey

# BA (Hons) CiLCA PIALC MAC

I have completed an internal audit of the accounts for Council for the year ending 31st March 2025.My findings are detailed below using the tests provided in the **Governance and Accountability (England) March 2023.**

**I would like to thank the Clerk/RFO for providing me with all the information required for the Internal Audit.**

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| **Internal control** | **Test** | **Observations** |
| Proper bookkeeping | Is the cashbook maintained and up to date? | Yes |
| Is the cashbook arithmetically correct? | Yes |
| Is the cashbook regularly balanced? | Yes |
| Standing Orders, Financial Regulations and payment controls | Has the council formally adopted Standing Orders and Financial Regulations? | Yes |
| Date Standing Orders last reviewed | 2/7/2024 |
| Date Financial Regulations last reviewed | 2/7/2024 |
| Has a Responsible Financial Officer been appointed with specific duties? | Yes |
| Have items or services above the de minimus amount been competitively purchased? | Nothing purchased above the de minimus amount |
| Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted? | Yes |
| Has VAT on payments been identified, recorded and reclaimed? | Yes |
| Has s137 expenditure been approved and separately recorded and within statutory limits? (where applicable) | No S137 payments have been made in the year |
| Are Financial Regulations followed? | No – I can find no evidence of any budget being produced for the decision to be made on the requested Precept |
| Risk management arrangements | Does a review of the minutes identify any unusual financial activity? | No |
| Do minutes record the council carrying out an annual risk assessment or review of their risk management scheme? | 2/7/2024 |
| Is insurance cover appropriate and adequate? | Yes |

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| **Internal control** | **Test** | **Observations** |
|  | Are internal financial controls documented and regularly reviewed? | No evidence found of any documented reviews |
| Budgetary controls | Has the council prepared an annual budget in support of its precept and has this been minuted as being approved? | No |
| Has the precept been calculated from the budget and been approved? | No |
| Does the budget include an actual completed year? | No budget document found to support spending or Precept request |
| Is actual expenditure against budget regularly reported to the council? | No – see above |
| Are there any significant unexplained variances from budget? | No – see above |
| Income controls | Is income properly recorded and promptly banked? | Yes |
| Does the precept recorded agree to the Council Tax authority’s notification? | Yes |
| Are security controls over cash and near- cash adequate and effective? | N/A |
| Payroll controls | Do all employees have contracts of employment with clear terms and conditions? | NALC model contract – however no Pay Grade or Salary Scale and Point is stated – currently set at £3000pa (£250pm) for an ‘estimated’ 10 hours per month |
| Do salaries paid agree with those approved by the council? | Can find no evidence of salary being agreed at a meeting only a suggested £3000pa |
| Are salaries above the National Living Wage/Minimum Wage? | Yes however:\*\*See end note\*\* |
| Are other payments to employees reasonable and approved by the council? |  No expenses have been claimed |
| Have PAYE/NIC been properly operated by the council as an employer? | No PAYE system currently in place which could potentially lead to an HMRC fine once set up |
| Asset controls | Does the council maintain a register of all material assets owned or in its care? | Yes |
| Are the assets and Investments registers up to date? When were these last reviewed? | Yes |

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| **Internal control** | **Test** | **Observations** |
|  | Do asset insurance valuations agree with those in the asset register? | Insurance covers the assets but there are no insurance values in the register |
| Bank reconciliation | Is there a bank reconciliation for each account and is this reported to council? | Yes |
| Is a bank reconciliation carried out regularly and in a timely fashion? | Yes |
| Are there any unexplained balancing entries in any reconciliation? | No |
| Is the value of investments held summarised on the reconciliation? | Yes |
| Year-end procedures | Are year-end accounts prepared using the correct accounting basis (Receipts and Payments or Income and Expenditure)? | Yes |
| Do accounts agree with the cash book? | Yes |
| Has a year-end bank reconciliation been undertaken? | Yes |
| Is there an audit trail from underlying financial records to the accounts? | Yes |
| Where appropriate, have debtors and creditors been properly recorded? | Yes |
| Procedural | Have points raised on the last Internal Audit report been considered by council and actioned? | No – PAYE was raised in the previous report |
| Policy documents routinely updated? | Yes |
| Transparency: For smaller councils with turnover under £25,000 | Minutes for whole year on website? | Yes |
| Agendas for whole year on website? | No – only March 2025 |
| Payments over £100 detailed on website? | Not separately – included in Minutes posted on website |
| Electors’ rights advertised on website? | Yes |

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| **Internal control** | **Test** | **Observations** |
|  | Councillors’ responsibilities detailed on website? | No |
| Last financial year’s AGAR on website? | Yes |
| Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use) | N/A as no land or building assets held |
| General Data Protection Regulation (compliance from 25May 2018)FOI Publication Scheme | Has the Council put in place a privacy policy?Is it on the website? | YesYes |
| Is there an FOI Publication Scheme? Is it on the website?Is it updated? | Yes Yes 2/7/2024 |

## Summary of my recommendations:

1. I can find no evidence of a budget from which the Precept amount was requested – this is a major concern as there is no openness and transparency for the electors as to how the Precept amount was reached or, indeed, what the plans are for spending. **THIS IS A SERIOUS CONCERN AND SHOULD BE ADDRESSED IMMEDIATELY**
2. I can find no evidence of financial controls being regularly reviewed and, as I recommended on last years audit, an Internal Control Officer (named Councillor) should be appointed to ensure adherence
3. The Council currently has over £20,000 in the bank, which exceeds the holding recommended of 3-12 months of estimated expenditure. I would recommend the Council set up Earmarked Funds with a clear vision of what the money will be spent on based on a detailed budget
4. A new Clerk was appointed to the Council on 1/1/2025 – the previous Clerk was not paid a salary only expenses. Whilst the contract is based on the model NALC contract there are areas that need investigating. The stated salary is £3000 pa (£250 pm) for an **ESTIMATED** 10 hours per month. There is no salary scale or point stated on the contract and the amount of £25 per hour does not equate to any point of the current salary grade – the nearest point is 39 which an LC3 grade more usually seen paid to Town Clerks in large Town Councils. For a Council this size I would expect to see a salary of approximately £15 to £17 per hour. Realistically it should be asked how many hours the Clerk is working per month and to enable this to happen I would recommend a time sheet be completed and reviewed as Clerks often work far in excess of the hours allowed. I can find no evidence of the proposed salary being discussed or agreed by Council only a suggested amount of £3000pa.
5. The PAYE Basic Tools system should be set up as soon as practicably possible – once it is I would recommend the income tax be paid directly to HMRC on a monthly basis rather than a quarterly basis as this will keep everything up to date at all times

I would take this opportunity to compliment the new Clerk on the way in which she is ensuring the Council brings itself up to date with the introduction of new policies that are currently being worked on. I understand from speaking to the Clerk she has not had any training for her role, which she is completely new to. I would recommend the Council join a local county organization for training and support and that the Clerk be offered any training she feels is needed to ensure she is confident in her new role.

I would also like to thank the Clerk for her help in allowing the completion of this audit.

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