

**ACTON BURNELL, FRODESLEY, PITCHFORD, RUCKLEY & LANGLEY PARISH**  
**COUNCIL**

**INTERNAL AUDIT REPORT FOR FINANCIAL YEAR 2024/5**

## **INTRODUCTION**

As the Council's internal auditor, I have independently carried out an examination of areas which meet the internal control objectives as listed on page 3, the Annual Internal Audit Report section, of the Annual Governance and Accounts Return (AGAR) for the year ended 31<sup>st</sup> March 2025.

I have been able to test the Council's compliance with the assertions on p.3 of the AGAR, referring to best practices as outlined in the JPAG Practitioners' Guide 2024, published March 2024.

I would like to thank Anna for her assistance.

Should you have any queries with this report please do not hesitate to get in touch.

## **OVERALL**

The standard of administration and system of internal controls relating to the audit areas examined throughout the financial year were considered to be very good.

Having completed a comprehensive examination of council records presented to me, I have completed the Annual Internal Audit Report on page 3.

## **DETAILED FINDINGS & RECOMMENDATIONS**

This report takes each of the Internal Audit statements on p.4 of the AGAR in turn and assesses if the council has complied with it. The report outlines the areas covered during the internal audit which support the Annual Internal Audit Report section of the AGAR. Under each section, the report states if it is my opinion, as Internal Auditor, that the control has been met. Recommended areas for attention are highlighted.

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

The primary accounts record is in the form of an Excel Receipts and Payments cashbook. Accounting records were found to be accurate and provided an adequate audit trail. A sufficient analysis of accounting records existed within the cashbook, with items being categorised according to budget categories. The accounting statement provided as at 31/3/2025 corresponded with the cashbook.

**Internal control objective met? YES**

**Recommendations: None.**

B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for?

Standing Orders and Financial Regulations were reviewed in May 2024; the council has adopted the new model NALC regs, which incorporate the requirements of the Procurement Act, are adopted at the May meeting. NALC has also just issued new model Standing Orders but since these were issued after the end of the 2024/5 financial year, I am only highlighting this as a reminder, and it doesn't affect my opinion.

VAT was appropriately accounted for and recorded separately in the cashbook; a VAT reclaim had been done which matched the VAT spent in 2023-4.

**Payments for the year - £29,547.87**

A sample of 12 payments were tested to the cashbook, supporting invoices, bank statements, payroll documentation and council minutes.

**Internal control objective met: YES**

**Recommendations:**

- **Update the Standing Orders.**

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

The Risk Assessment is fit for purpose and adequate and was last reviewed in May 2024.

**Internal control objective met: YES**

**Recommendations: None.**

D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate?

**Reserves** - The year-end balance of £97,223.40 consists of ringfenced reserves of £2,456.45 CIL, £92,183.49 Community Benefit Fund, and £5,038.94 unrestricted general reserves. The general reserve is therefore within the range of 25 to 100% of general spend, meeting JPAG guidelines.

**2025/5 budget and precept**- the 2025-6 budget was set in January 2025 and resulted from a thorough process. The precept set is £7,240, which matches the minutes. Other sources of income include bank interest £250, VAT refund £1,986.29. Lightsource Funds £19,586.39, taking total projected income to £29,036.28. Projected spend is £10,445.04 (general parish spend), £996 (CIL), Lightsource spend £2,469.82.

The general reserves projected to 2025/6 sit within the range of 25 to 100% of general spend, meeting JPAG guidelines.

**Internal control objective met? YES**

**Recommendations: None.**

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

**Total receipts for the year were £26,612.83**

In the council's main accounts, receipts comprised of a precept of £6,598 (as per the precept request), VAT reclaim £81.72, bank interest £508.21.

The council also has Lightsource Funds, a community benefit fund from solar farms in the parish. Receipts in relation to this comprise of Lightsource Funds £15,896.81 and bank interest £3,528.09, VAT. I tested a sample of the receipts, and they were supported by documentation.

**Internal control objective met? YES**

**Recommendations: None.**

F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for?

No petty cash is held.

**Internal control objective met? N/A**

**Recommendations: N/A**

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

A pay award was recommended for clerks to take effect from 1<sup>st</sup> April 2024, and this was approved by the council in November 2024; I have checked the supporting calculations and agree with them. I have seen the clerk's contract, and the minutes confirm that pay is SCP13 at £14.60 per hour for 6 hours per week, to be increased to 7.5 hours per week from 1<sup>st</sup> April 2025. A thorough process has been followed in reviewing the hours. The gross annual salary pre-tax should be £4,566.97 for 2024-5. The clerk also worked 57 hours overtime which is £14.60 x 52 = £832.20, taking total salary due to £5,399.17. Plus employer NI of £26.49 this totals £5,425.66. This compares to the salary and employer NI paid of £5,426.69. I checked the overtime calculations and they were correct but I have not seen the supporting calculations for the pay award.

An allowance of £150 was paid to the chairman. Please see: [EIM65960 - Local Government Councillors and civic dignitaries in England: ODPM guidance: Part One: members' allowances - HMRC internal manual - GOV.UK](#). Whilst I appreciate the amount is small, it is recommended in HMRC guidance that allowances are based on parish remuneration panel recommendations. Allowances are taxable under the PAYE system, but I cannot see what arrangements are in place to ensure tax is deducted. The clerk has told me that the chair will provide a letter confirming the arrangements he has made to address any potential tax liability.

Pension re-enrolment deadline is 28<sup>th</sup> February 2026. The council does not meet the threshold at which it has to provide the clerk with a pension.

**Internal control objective met: YES**

**Recommendations:**

- Please note that Work from Home Allowance is not a staff cost as per the JPAG guidelines.
- Put in place arrangements to set Chair's allowance (annually at Annual Council) and ensure tax is deducted, potentially by processing it through payroll or providing a letter from recipient confirming they will ensure any tax liability is assessed and paid.

H. Asset and investments registers were complete and accurate and properly maintained.

The Council's fixed asset register/inventory was examined, total asset value being £28,529. The register was updated to May 2024.

The Council's insurance policy, provided by Zurich runs from May to May, cover having been continuously in place. I have seen the policy schedule and confirm it is adequate for the value of the assets on the register.

**Internal control objective met: YES**

**Recommendations: None.**

I. Periodic and year-end bank account reconciliations were properly carried out.

The presented year-end bank reconciliation has been independently agreed by the Auditor, the reconciled balance being £97,223.40 as at 31.3.2025. Throughout the year, the Clerk/RFO has regularly reported bank reconciliations to Council which have been agreed and adopted by Council; the September one was checked and confirmed for accuracy.

**Internal control objective met? YES**

**Recommendations: None.**

K. If the authority certified itself as exempt from a limited assurance review in 2023/4, it met the exemption criteria and correctly declared itself exempt?

**Internal control objective met? YES**

**Recommendations: None.**

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?

**Before 1<sup>st</sup> July, publish:**

- The Annual Internal Audit Report (recommended but not mandatory);
- The Annual Governance Statement;
- The Accounting Statements;
- A declaration that the accounts are as yet unaudited;
- Details of the arrangements for the exercise of public rights;
- The name and address of the External Auditor.

**Before 1<sup>st</sup> October, publish:**

- Notice of the conclusion of the audit;
- The Annual Governance Statement (including any amendments as a result of the limited assurance review);
- The Accounting Statements (including any amendments as a result of the limited assurance review);
- The External Auditor Report and Certificate

I checked the website on 20<sup>th</sup> February 2025.

**Internal control objective met? YES**

**Recommendations: None.**

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?

The authority published a notice of exercise of public rights on the website with the correct dates (site checked 20<sup>th</sup> February 2025).

**Internal control objective met: YES**

**Recommendations: None.**

N. The authority has complied with the publication requirements for the 2023/4 AGAR?

**The authority must do the following:**

**Before 1<sup>st</sup> July, publish:**

- The Annual Internal Audit Report (recommended but not mandatory);
- The Annual Governance Statement;
- The Accounting Statements;
- A declaration that the accounts are as yet unaudited;
- Details of the arrangements for the exercise of public rights;
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I checked the website on 20<sup>th</sup> February 2025

**Internal control objective met: YES**

**Recommendations: None.**

O. Trust funds (including charitable) – The council met its responsibilities as a trustee?

To the best of my knowledge, the Council does not act as a sole trustee for managing a Trust fund or asset.

**Other**

A sample review of Council meeting minutes established that the Council was quorate when it met.

I have checked the AGAR and variance explanations and consider them to be accurate and adequate in detail.