

Report to Birchanger Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2025

1. Introduction and Summary.

1.1 The Internal Audit work undertaken confirmed that during the 2024/25 year the Council maintained effective governance arrangements including a satisfactory framework of financial administration. This Internal Audit review has confirmed the overall adequacy of the financial arrangements in place within the Council.

1.2 By examination of the 2024/25 accounts and supporting documentation it was confirmed that the Clerk, in the role as the Council’s Responsible Financial Officer (RFO), satisfactorily undertook the administration of the Council’s financial affairs and produced financial management information to enable the Council to make well-informed decisions.

1.3 The Accounts for the year record the following:

Total Receipts for the year: £27,822.74
Total Payments in the year: £25,125.31
Total Reserves at year-end: £20,108.62

1.4 The Annual Governance and Accountability Return (AGAR) was approved by the Council on 6 May 2025. The entries at Section 2 - Accounting Statements (rounded for purposes of the Return) were examined:

<i>Balances at beginning of year (1 April 2024):</i>	<i>Box 1:</i> £17,411
<i>Annual Precept 2024/25:</i>	<i>Box 2:</i> £26,227
<i>Total Other Receipts:</i>	<i>Box 3:</i> £1,596
<i>Staff Costs:</i>	<i>Box 4:</i> £8,129
<i>Loan interest/capital repayments:</i>	<i>Box 5:</i> £0
<i>All Other payments:</i>	<i>Box 6:</i> £16,996
<i>Balances carried forward (31 March 2025):</i>	<i>Box 7:</i> £20,109 *Note 1
<i>Total cash/short-term investments:</i>	<i>Box 8:</i> £20,109
<i>Total fixed assets:</i>	<i>Box 9:</i> £159,825
<i>Total borrowings:</i>	<i>Box 10:</i> £0

** Note 1: Due to computer rounding, in the AGAR approved and signed by the Council on 6 May 2025, the entry in Box 7 was £20,108 and did not equal Boxes (1 + 2 + 3) less (4 + 5 + 6).*

1.5 The Internal Auditor has completed the Annual Internal Audit Report 2024/25 within the AGAR.

1.6 The following Internal Audit work was carried out on the adequacy of systems of internal control. Comments and any recommendations arising from the review are made below.

2. Governance, Standing Orders, Financial Regulations and other Regulatory matters (*examination of Standing Orders, Financial Regulations, Code of Conduct, Formal Policies and Procedures, Tenders where relevant. Acting within the legal framework, including Data Protection legislation*).

2.1 The Annual Parish Council meeting took place on 7 May 2024. The first item of business was the Election of a Chairman, as required by the Local Government Act 1972. Councillors agreed to abide by the Code of Conduct and were nominated to Committees and to specific roles and responsibilities.

2.2 **Standing Orders** are in place and are based upon the model Standing Orders published by the National Association of Local Councils (NALC). The Council reviewed and approved the Standing Orders at its meeting on 6 May 2025. The Council has published a copy of its Standing Orders on its website.

2.3 **Financial Regulations** are also in place. At its meetings on 2 July 2024 and 6 May 2025 the Council considered and adopted Financial Regulations which are based upon the Model Regulations published by NALC and tailored to reflect the Council's requirements. A copy has been published on the Council's website.

2.4 The Council is registered with the **Information Commissioner's Office (ICO)** as a Fee Payer/Data Controller for the provision of council services (Registration Z2103352 expiring 14 February 2026 refers). The Council has Data Protection Policies in place to demonstrate compliance with the General Data Protection Regulations (GDPR) including a Subject Access Request Policy and a Personal Data Breach Policy. A Data Retention Policy was adopted by the Council at its meeting on 2 July 2024.

2.5 The Council reviewed and adopted the national LGA Code of Conduct for Councillors at the meeting held on 7 February 2023. A copy of the Code has been published on the Council's website.

2.6 The Council has a number of other Policies, Procedures and Protocols in place to secure good governance, including :

Website Privacy Notice
Complaints Procedure
Grant Policy
Grievance Procedure (updated 6 May 2025)
Disciplinary Procedures
Equal Opportunities Policy (updated 6 May 2025)
Sickness and Absence Policy
Allotment Rules

2.7 The **Council's Minutes** are well presented and provide evidence of the decisions taken by the Council in the year. The Clerk/RFO confirmed that the Minutes of each previous meeting are approved as an accurate record and signed accordingly.

2.8 A Website Accessibility Statement has not been published on the Council's website to assist with compliance with the Website Accessibility Regulations.

Recommendation 1: The Council or the Website Host should publish a Website Accessibility Statement to assist compliance with the website accessibility regulations. The Statement should include information about navigating within the website and contact details should accessibility problems become evident. The Clerk/RFO has confirmed that he will arrange for the publication of a Statement.

2.9 The Council currently has a .com domain name as its website address. The latest guidance from the SAPPP (Smaller Authorities Proper Practices Panel, the successor body to the JPAG – the Joint Panel on Accountability and Governance) provides that local councils will be expected in 2025/26 to register their website with an official .gov.uk domain name with councillor email addresses linked to that domain name. Item 1.47 of Proper Practices provide (under Email management) that every authority must have a generic email account hosted on an authority owned domain, for example clerk@abcparishcouncil.gov.uk or clerk@abcparishcouncil.org.uk rather than abcparishclerk@gmail.com or abcparishclerk@outlook.com for example. The Clerk/RFO confirmed that he will discuss with the Council's computer support the possibility of a .gov.uk domain registration.

3. Accounting Procedures and Proper Book-keeping (*examination of entries in the Cashbook, regular reconciliations, supporting vouchers, invoices and receipts and VAT accounting*).

3.1 The Cashbook is maintained through an AdminSoft finance system with Receipts and Payments Reports being prepared. The documents are well referenced and facilitates an audit trail to the Bank Statements, the on-line payments and the financial information prepared by the Clerk/RFO.

3.2 VAT reclaims were made by the Clerk/RFO to HMRC in the year of account. The reclaim of £337.95 was received at bank on 2 May 2024 and reported to Council on 4 June 2024. The reclaim of £1,158.52 was received at bank on 8 January 2025 and reported to Council on 4 February 2025.

3.3 The Clerk/RFO explained the accounting treatment of VAT viz. each month the VAT is added back to the purchases side of the accounts, Whilst previous internal auditors have been satisfied that the 'net' purchases total is a correct reflection of activity, **the External Auditors may consider the Council is understating the Receipts side of the Accounts (which currently does not include the £1,496.47 VAT recovered from HMRC in the year of account). Equally, the Payments side may be viewed as understated as it does not display the full amount of the VAT paid in the year. Boxes 7 and 8 of the AGAR would remain the same but the External Auditors may in future require the display of 'gross' figures for VAT as opposed to a 'net' VAT figure applied to Purchases only.**

3.4 The Clerk/RFO confirmed that no payments were made under Section 137 of the Local Government Act 1972 Section 137.

3.5 The Clerk/RFO has prepared a Statement of Explanation of Variances (explaining significant differences in receipts and payments between the years 2023/24 and 2024/25) for submission to the External Auditors and for publication on the Council's website.

4. Bank Reconciliation (*Regularly completed and cash books reconcile with bank statements*).

4.1 The Clerk/RFO reports bank balances to Council meetings under the standing agenda item of 'Finance'.

4.2 The bank statement as at 31 March 2025 for the Unity Trust Bank Current Account of £21,499.26 reconciled with the End-of-Year Accounts (£20,108.62) after taking into account the Uncleared Payments of £1,390.64 as at 31 March 2025 (which the Clerk/RFO confirmed all cleared through the bank on 4 April 2025).

5. Year End procedures (*Regarding accounting procedures used and can be followed through from working papers to final documents. Verifying sample payments and income. Checking creditors and debtors where appropriate*).

5.1 End-of-year Accounts are prepared on a Receipts and Payments basis using the AdminSoft finance system and were presented to the Internal Auditor for examination.

6. Internal Control and the Management of Risk (*Review by Council of the effectiveness of internal controls, including risk assessment, and Minuted accordingly*).

6.1 At its meeting on 2 July 2024 the Council reviewed and approved the Risk Management Policy (Minute 1246c refers). The document is comprehensive and provides an analysis of the risks faced by the Council under a number of main headings and the internal control measures in place to mitigate the risks identified.

6.2 The Council accordingly complied with the Accounts and Audit Regulations 2015 which require that at least once during each financial year a Council must undertake a review of the effectiveness of its Internal Control arrangements, including the management of risk, and the Minutes of the Council must formally record that the review has taken place.

6.3 One of the most important risk management issues for many local councils is the condition of play equipment. The Council receives reports on repairs, maintenance and replacement of play equipment, including reports from the Play Inspection Company following inspections.

6.4 Insurance was in place for the year of account. Payment of the renewal premium of £1,954.19 to Gallagher Insurance Brokers was made by the Council on 31 May 2024 for cover for the period commencing 1 June 2024 with Hiscox Insurance. Employer's Liability cover and Public Liability cover each stood at £10m. Fraud and

Dishonesty (Fidelity Guarantee) cover stood at £150,000 which met the recommended guidelines which provide that the cover should be at least the sum of the year-end balances plus 50% of the precept/grants received.

7. Transparency Code (Compliance for smaller councils with income/expenditure under £25,000).

7.1 Birchanger Parish Council is designated as a 'Smaller Council'. The Council's website is: <https://www.birchanger.com/>

7.2 Smaller authorities should publish on their website:

- a) **All items of expenditure above £100:**
Published – Yes, included within the published Minutes
- b) **Annual Governance Statement, AGAR Annual Return, Section One:**
Published (2023/24) – Yes
- c) **End of year accounts, AGAR Annual Return, Section Two:**
Published (2023/24) – Yes
- d) **Annual Internal Audit report within AGAR Annual Return:**
Published (2023/24) – Yes
- e) **List of councillor or member responsibilities:**
Published – Yes
- f) **Details of public land and building assets:**
Published – The Clerk/RFO advised that the Council does not own any land or buildings
- g) **Minutes, agendas and meeting papers of formal meetings:**
Published – Yes

7.3 At the time of the Internal Audit Review the Council was meeting the requirements of the Transparency Code.

7.4 The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 required the Council to publish a 'Notice of Public Rights and Publication of Annual Governance and Accountability Return (Exempt Authority)' on a publicly accessible website. The Internal Auditor was able to confirm that the document for the year 2023/24 was readily accessible on the Council's website and displayed the Date of Announcement, Inspection Dates, Details of Person to contact to view the accounts and the Details of the person making the announcement.

7.5 However, at the time of the audit review the remaining documents required to be published for the year 2023/24, as listed in the AGAR Form 2 Page 1 Guidance Notes (viz. the Bank Reconciliation and the Explanation of Variances) were not found to be easily accessible on the Council's website.

Recommendation 2: The Council should ensure that all requirements (relating to the Transparency Code, the Accounts and Audit Regulations 2015 and Local Audit and Accountability Act 2014 and the AGAR Guidance Notes) are met regarding the publication of documents on an easily accessible website.

8. Budgetary controls (*Verification of the budgetary process with reference to Council Minutes and supporting documents*).

Precept 2024/25: £26,227 (5 December 2023, Finance Committee meeting refers).

Precept 2025/26: £24,545 (3 December 2024, Minute 1305 d refers)

8.1 At its meeting on 5 December 2023 the Finance Committee (Precept meeting) agreed a Precept of £26,227 for the year 2024/25. All Councillors are members of the Committee. The decision and the amount of the Precept was clearly recorded to ensure transparency in respect of the amount of the tax being levied upon local residents. A Budget document for the year 2024/25 had been prepared to assist the consideration of the Precept.

8.2 At the meeting held on 3 December 2024 the Council considered and agreed the recommendation for a Precept of £24,545 for the year 2025/26. The Council's decision and the amount of the Precept have been clearly Minuted.

8.3 The **Overall Reserves** as at 31 March 2025 amounted to £20,108.62. The Clerk/RFO confirmed that this was entirely General Reserves and did not include Earmarked Reserves or Restricted funds.

8.4 The **General Reserves** accordingly amounted to £20,108.62 (equivalent to 82% or 10 months of the 2025/26 Precept) and in line with the generally accepted position that non-earmarked revenue reserves should usually be between 3 and 12 months of Net Revenue Expenditure/Precept (the JPAG Proper Practices Guide, Item 5.34, which applied to the 2024/25 year of account).

8.5 As at 31 March 2025 the Council maintained sufficient overall reserves and contingency sums to meet, within reason, any unforeseen items of expense that may occur.

9. Income Controls (*regarding sums received from Precept, Grants, Loans and other income including credit control mechanisms*).

9.1 Receipts are reported to Council meetings as a matter of routine. Receipts of £27,822.74 recorded in the Cashbook Spreadsheet consisted of Precept (£26,227), Art Show (£1,330.74) and Allotment Income (£265).

10. Petty Cash (*Associated books and established system in place*).

10.1 No Petty Cash is held. Any expenses incurred are reclaimed from the Council and reimbursed by on-line payments.

11. Payroll Controls (*PAYE and NIC in place; compliant with HMRC procedures; records relating to contracts of employment*).

11.1 Payroll services have been outsourced to Payroo. The sole employee of the Council is the Clerk/RFO. Regular payments have been made to HMRC. PAYE is paid direct to HMRC by the Clerk/RFO, who is then reimbursed by the Council and the transactions separately displayed in the accounts. The Clerk/RFO's payslip for the month of March 2025 was presented to the Internal Auditor. The P60 End of Year Certificate for the Clerk/RFO was presented to Internal Audit in confirmation of the arrangements in place.

11.2 At its meeting on 3 December 2024 the Council formally approved the increase in the Clerk/RFO's salary (from 1 April 2024) in accordance with the NJC agreement on pay for local government employees.

12. Assets Controls (*Inspection of asset register and checks on existence of assets; recording of fixed asset valuations; cross checking on insurance cover*).

12.1 An Asset Register is in place and was reviewed and approved by the Council at its meeting on 14 January 2025.

12.2 The Value of Assets entered in the 2024/25 AGAR could not be confirmed from the copy of the Register presented to the Auditor. The Clerk/RFO advised the Auditor that the £159,825 had been the declared value over several years and the Register is currently under review. The previous Internal Auditor had recommended a review of the Register in 2024 and this is now formally repeated:

Recommendation 3: The review of the Asset Register should be concluded as soon as practicably possible and approved by the Council during 2025/26 to ensure that an overall valuation can be evidenced and reported upon as at 31 March 2026 within the end of year AGAR 2025/26. (The Clerk/RFO confirmed that he will ask the Council to review the Register).

13. Internal Financial Controls, Payments Controls and Audit Procedures (*Confirmation that the Council has satisfactory internal financial controls in place for making payments with adequate documentation to support/evidence payments made. Any previous audit recommendations implemented*).

13.1 The Clerk/RFO provides financial reports to Council meetings, including bank balances. Details of payments to be made, and those made since the previous meeting, are presented to Council for approval.

13.2 Payments have been made on-line through internet banking. The Clerk/RFO acts as the system administrator and initiates the on-line payments which are

authorised electronically by two (of three) Councillor Signatories to release the payment.

13.3 At its meeting on 1 October 2024 the Council agreed that the system of payment approval was robust and quite sufficient for financial purposes. The Council noted that:

- a) the Clerk/RFO circulates a complete list of all payments to be made for the month which gives Councillors the opportunity to query any payment.
- b) As the Clerk/RFO has full access to the on-line bank account and statements, Councillors are able to satisfy themselves that the payments showing on the payments schedule match the items on the bank statement.

13.4 In view of the urgency of the conclusion of the Internal Audit for 2024/25, the Audit review was undertaken remotely/electronically. Under a remote working arrangement it would be impractical to scan and email numerous invoices etc for audit examination and the Auditor obtained confirmation from the Clerk/RFO that certain control measures are being maintained. The Clerk/RFO confirmed that:

- a) All Payments in the year 2024/25 are supported by invoices/vouchers.
- b) All invoices are internally numbered and cross-referenced to the payment recorded within the accounts.
- c) A schedule of payments is sent to each Councillor prior to the monthly meeting. Councillors are invited to make any comments as necessary. The Schedule is then submitted for approval at the meeting. Payments are then authorised. All payments are subsequently listed in the Minutes of the meeting approving the payments.
- d) All payments are made electronically. Cheques were not used in 2024/25.

13.5 The Internal Audit report for the previous year (2023/24) was undertaken by Val Evans and had put forward the following recommendations:

- a) The Council's risks are reviewed and approved at the next Council meeting to comply with proper practices. This has since been addressed.
- b) The Asset Register is formally reviewed and documented. This recommendation remains outstanding and the Clerk/RFO has confirmed that he will raise this matter with the Council.
- c) Bank reconciliations i.e. bank statement and cash book, are periodically checked and signed as per financial regulations. The Clerk/RFO confirmed that this is now being undertaken.

13.6 The Clerk/RFO confirmed the appointment of the Internal Auditor for the year 2024/25 by email on 12 July 2025.

14. External Audit (*Recommendations put forward/comments made following the annual review*).

14.1 An External Audit was not required for the year 2023/24. At its meeting on 7 May 2024 the Council completed the Certificate of Exemption from a Limited Assurance Review for that year.

14.2 As the higher of gross income or gross expenditure exceeded £25,000 in the year of account ending 31 March 2025, the Council is required to receive an External Audit (a Limited Assurance Review).

15. Additional Comments.

15.1 I would like to record my appreciation to the Clerk to the Council for his assistance during the course of the audit work.



Trevor Brown, CPFA

Internal Auditor

23 July 2025