

BURFORD 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 31st 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 Gaynor 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.3 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. Balances were carried forward from prior year correctly. 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?

Financial Regulations were reviewed in July 2024 and this was confirmed in the minutes; they are based on the 2024 NALC model. The Standing Orders were also reviewed in July 2024. A new model version of Standing Orders has been issued by NALC in the last month, and I would recommend updating to these. However, the current adopted version were correct as per the model Standing Orders in circulation during 2024-5.

There is evidence of a contract being in place for grounds maintenance. As per Financial Regulations, multiple quotes were sought for the slide and lighting items purchased.

Payments were supported by invoices and there is a clear trail of who authorised the payments. The clerk's expenses are supported by itemised receipts and a work from home allowance is paid. Payments are approved by the council authorising them. For online payments, the clerk then actions the payment with the bank; payments are executed by a signatory authorising the payment with online banking. For cheques, two signatories sign the cheque and cheque book. There is a record of authorisation as schedule of invoices is signed. Payments are supported by invoices.

SO and DDs are reviewed annually.

A VAT reclaim for 1st October 2023 to 8th November 2024 has been made in-year. The clerk advises that VAT is usually reclaimed quarterly.

Payments for the year - £57,622.90

A sample of 19 payments were tested to the cashbook, supporting invoices, bank statements, payroll documentation and council minutes.

Internal control objective met: YES

Recommendations:

- It is good practice to minute how many quotes have been sought for higher value purchases.
- Consider reviewing Standing Orders so they are based on the latest NALC model, released April 2025

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 July 2024, as confirmed in the minutes.

I note the council has a play area. The clerk tells me this is inspected annually. It is unlikely that annual inspections are enough to satisfy insurance requirements. Most insurers require at least a monthly check by a qualified person.

Internal control objective met: YES

Recommendations:

- Check with insurers required arrangements for play area inspections and consider having more frequent inspections by a qualified person. Companies such as Shropshire Council and play area suppliers may offer this service or council can train someone to do it

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

Budget and Precept 2024/5 - The council has followed an adequate budgetary process, which included consideration of reserves. The budget and precept for 2025/6 was set by Full Council in January 2025, the precept being £40,000. I would recommend that the minutes include a copy of the full budget. Further income budgeted is: Interest £500, VAT refunds £6,000 and donations £0.01, giving total predicted receipts of £46,501.00. Planned payments total £39,310.00 meaning the council has a surplus of £7,191. The projected reserve to year-end was £26,576.93 therefore reserves are 57% of planned net revenue spend, before adding the additional £7,191 to reserves. This is within JPAG best practice guidelines of 3 to 12 months' of net revenue expenditure in general reserve.

Reserves –the year-end balance is £26,576.93. shows that there is an unallocated general reserve is £26,299 as at 31.3.24, with allocated reserves totalling Neighbourhood Fund and a further £77,622 allocated for other purposes. The JPAG best practice guidance is to have 3 to 12 months' of net revenue expenditure in general reserve. The final balance sheet does not show any of the funds as being held in earmarked reserves for purposes such as street light repairs, elections

Budget reports have been presented to the council throughout the year, but I cannot see this as being recorded in the minutes.

Internal control objective met? YES

Recommendations:

- Consider setting up some earmarked reserves. When working out reserves as a percentage of net revenue expenditure, only count the un-earmarked (general) reserve.
- Record in full key reports such as budgets, bank reconciliation and budget setting in minutes, as it is essential to have a record of council considering them. I cannot see this for budget reports in-year.

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

Receipts for the year - £53,383.37

Receipts comprised of precept (£37,510), CIL NF (£2,361.68), Burford Trust (£7,884.00), VAT refunds for part of 2023-4 (£4,957.27) and interest (£670.42).

I have seen the precept request form for 2024-5 and can confirm the requests match the amount paid, and the SC public record of precepts.

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

The current clerk commenced in role on 2nd April 2024 and has a contract of employment, for 10 hours per week on SCP15; the NJC pay award was agreed in autumn 2024 and is to be backdated to 1st April 2024, making the hourly rate for the year £15.08/£29,093 FTE. Pay award, overtime and salary point increase was approved by council in October 2024. I calculate total pay due to be £7,862.97 plus employer NIC. Total paid in year to current clerk is £7,953.62 plus employer NIC. The total paid on P60 is £7,863.24. The clerk has correctly identified there is a slight overpayment which she will reimburse the council for.

I cannot confirm the pay to the last clerk as I do not have details of her contract.

PAYE and RTI returns have been completed using HMRC RTI software. Deductions of PAYE and NI have been made correctly.

The clerk has chosen not to join a pension scheme. The council's re-declaration deadline with The Pensions Regulator is May 2026.

Internal control objective met: YES

Recommendations:

- Whilst the pay award is part of the clerk's NJC terms, it should be minuted that council have approved to apply it to the clerk's salary.
- This is not an accuracy point but please note with effect from 1st April 2024, NALC calculate hourly rate by dividing annual salary by 52.143 weeks (which is 365 days divided by 7) and then divided by 37 hours (the standard working week).
- Reimburse council for slight overpayment.

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 £131,446. The register records estimated values. Please note asset recording must be based on first recorded value but can also show current insurance value. The format of the register means the information on it is not as clear as it could be. The register was reviewed in year in July 2024, and this is minuted.

The Council's insurance policy, provided by Zurich, on a 3-year LTA, commenced on 1st June 2023, cover having been continuously in place prior. The current year's policy expires on 31st May 2025. The level of cover appears to be adequate for the value of the assets on the register.

Internal control objective met: YES

Recommendations:

- I would recommend updating the register to the JPAG model asset register format.
- Confirm that values on the register are first recorded value.
- The asset register as at 31.3.25 should be confirmed at the next meeting.

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

I have checked a periodic bank reconciliation relating to the period to 11/10/24 and found it to be accurate. It has been agreed by Council, as evidenced in the minutes.

I have checked the end-of-year bank reconciliation and confirm that it corresponds to the supporting bank statements and cashbook and is £26,576.93.

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.

The AGAR, Statement of Accounts has been correctly compiled on a receipts and payments basis based on the cashbook, supported by underlying records such as invoices and remittance advice slips.

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?

N/A

Internal control objective met? N/A

Recommendations: N/A

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 1st 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 1st 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

The audit was not completed by 30th September 2024. Whilst an interim conclusion of audit notice was published, the final conclusion of audit of notice should also be published.

I also noticed that Section 1 of the AGAR was published twice, and Section 2 was not published.

Internal control objective met: NO

Recommendations:

- **Publish Section 2 of AGAR.**

- **Publish final conclusion of audit notice and audited AGAR.**

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 28th December 2024).

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 1st 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 1st 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

See L above.

Internal control objective met: NO

Recommendations: Ensure all required documents are published within the timescales.

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.