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## **2024/25 Interim Internal Audit Report for Newton-in-the-Isle Parish Council**

### **BASIS OF REPORT**

This internal audit report is based upon the Practitioners Guide (Joint Panel on Accountability and Governance) Governance and Accountability for Smaller Authorities in England 2024 publication.

The scope of this internal audit is focused on assessing the effectiveness of the Council's internal controls and was outlined in the original Letter of Engagement. Where any such controls are found to be deficient, the internal audit will help lead to improvement in those processes. The Internal Audit Reports should, therefore, be made available to all Members to support and inform them when they consider the Council's approval of the annual governance statement.

By applying the principles of internal auditing, outlined in the current Accounts and Audit Regulations and applying the approach to internal audit testing outlined above, every effort is made to ensure that all internal audits are conducted with due professional care, integrity and independence. All conclusions derived from the audit are based upon objective and traceable evidence.

Please note: it would be incorrect to view internal audit as the detailed inspection of all records and transactions of the Council in order to detect error or fraud. Smaller authorities are required by the Accounts and Audit Regulations 2015 to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes'. An internal audit is therefore a periodic independent review of a Council's internal controls resulting in an assurance report designed to improve effectiveness and efficiency of the activities and operating procedures under the Council's control. Managing the Council's internal controls should be a day-to-day function of the staff and Councillors and not left for internal audit. (Source: Governance and Accountability for Smaller Councils - A Practitioners' Guide 2024 – Section 4).

As Internal Auditor for Newton-in-the-Isle Parish Council, I confirm that I am independent from the management of the financial controls and procedures of the Council and do not have any conflicts of interest with the Council, nor do I provide any management or financial assistance to the Council.

### **INTERIM AUDIT REPORT**

I reviewed the documents provided and met with the Parish Clerk/RFO on 1<sup>st</sup> May 2025 and finalised the information on 9<sup>th</sup> May 2025.

The Parish Clerk is the sole employee of the Council. The electorate number of the Parish Council was reported to be 608 and the Precept for the year 24/25 was set at £13,000.

AUDIT POINT	AUDIT FINDINGS	RECOMMENDATIONS & ACTIONS
<b>A. Appropriate accounting records properly kept throughout the financial year</b>		
Book Keeping Arrangements	<ul style="list-style-type: none"> <li>• <i>Appropriate books of account are being kept and are well maintained. The Council operates on a Receipts and Payments basis.</i></li> <li>• <i>The Council uses Excel spreadsheets for their accounting system and this is being used appropriately.</i></li> <li>• <i>Council minutes are up to date and are signed and dated.</i></li> </ul>	<p>In accordance with legislation, the agenda sent to Councillors does 'summon' them to attend meetings. For noting, the agenda on the website is an amended version to invite press and public.</p> <p>Please note that by law the first item of business at the Annual Council Meeting must be the Election of the Chairman. This is prior to any other business including apologies as the election of the chairman is essential for the lawful constitution of the council; without a chairman, the council cannot proceed with its business.</p>
<b>B. Financial Regulations complied with, payments supported by invoices, expenditure approved, VAT appropriately accounted for</b>		
Document reviews, review of internal controls and decision making.	<ul style="list-style-type: none"> <li>• <i>Standing Orders and Financial regulations were reviewed in the year based on the current model versions at the time and are appropriately published to the website.</i></li> <li>• <i>There were no contracts that needed to be advertised in line with procurement legislation.</i></li> <li>• <i>The Council follows its Standing Orders and Financial Regulations regarding procurement.</i></li> <li>• <i>A sample of payments during the year were reviewed. Payments were supported by invoices and all expenditure was approved.</i></li> <li>• <i>The system for authorising and making payments from the bank account is satisfactory.</i></li> <li>• <i>Orders are made in accordance with Financial Regulations.</i></li> <li>• <i>VAT is appropriately accounted for and claimed annually.</i></li> <li>• <i>There were effective controls in place for making payments.</i></li> </ul>	<p>The Clerk is aware that newer model versions are now available which accommodate the new procurement legislation, and this will be on the agenda for the Annual Council Meeting in May.</p> <p>It is recommended that the Clerk evidences that invoices are verified and certified in accordance with Financial Regulation 6.3.</p> <p>It is recommended that the minutes record when a quarterly internal check is undertaken and completed and whether any issues have arisen.</p> <p>It was noted that the Council is moving to an online banking system for payments with dual control.</p>

	<ul style="list-style-type: none"> <li>• <i>No debit card or charge card is held.</i></li> <li>• <i>Quarterly checks are undertaken independently by Councillors but not evidenced in the minutes</i></li> </ul>	
<b>C. Risk management &amp; Insurance</b>		
Review of internal controls	<ul style="list-style-type: none"> <li>• <i>The Council undertook a review of risk in May 2024 with the document published with the agenda.</i></li> <li>• <i>The scope and value of insurance was reviewed in May 2024 prior to renewal. Fidelity cover is £250,000 and is more than sufficient.</i></li> <li>• <i>Appropriate arrangements are in place for monitoring play areas, open spaces etc.</i></li> </ul>	It is recommended that sight of the insurance schedule for the Village Hall is requested annually to ensure sufficient building cover is in place and that a rebuild revaluation be undertaken.
<b>D. Budget, Precept and Reserves</b>		
Review of internal controls, monitoring and decision making	<ul style="list-style-type: none"> <li>• <i>An annual budget was prepared and approved in January prior to setting the precept.</i></li> <li>• <i>Progress against the 2024/25 budget was monitored during the year and evidenced in minutes. Any significant variances are reviewed.</i></li> <li>• <i>The Council reviewed the level of reserves during the year, but this was not evidenced in the Council minutes. The Council has Earmarked reserves in addition to a General Reserve.</i></li> </ul>	<p>It is recommended that the annual budget and precept demand be published on the Council's website so the electorate can view how the Council plan to spend their precept contribution.</p> <p>The precept for 2025/26 is £26,000</p> <p>The Council will be formally reviewing their level of reserves at their forthcoming meeting.</p> <p>It is recommended that Council adopt a Reserves Policy.</p>
<b>E. Income</b>		
Review of internal controls, banking and VAT accounting	<ul style="list-style-type: none"> <li>• <i>The precept received in 2024/25 agreed to the precept demand.</i></li> <li>• <i>VAT was claimed and received for 2023/24 and a VAT claim has been submitted for 2024/25.</i></li> <li>• <i>The Council has additional income from allotment tenants and appropriate tenancy agreements are held with all fees received.</i></li> <li>• <i>Fees were last reviewed in April 2023.</i></li> </ul>	Fees for allotment rents are being reviewed in May 2025.

<b>F. Petty Cash</b>		
Review of internal controls, decision making and VAT accounting	<i>A Petty cash system is not operated by the Council.</i>	
<b>G. Payroll</b>		
Review of process, internal controls and decision making	<ul style="list-style-type: none"> <li><i>A suitable contract of employment is in place.</i></li> <li><i>HMRC is appropriately paid by Council re PAYE/NI.</i></li> <li><i>The Council is registered with the Pension Regulator but the clerk does not qualify for automatic enrolment for a pension.</i></li> <li><i>Salaries were paid in accordance with Council approvals and PAYE and NI requirements were properly applied.</i></li> <li><i>A staff appraisal system is not in place.</i></li> <li><i>Councillors do not receive allowances.</i></li> </ul>	It is recommended that appropriate training be provided to Councillors to undertake annual appraisals of the Clerk. An annual staff appraisal is appropriate as it supports professional development, ensures role clarity, and provides a structured opportunity to review performance, goals, and training needs. Alternatively, an external party could be engaged to undertake the appraisal on behalf of the Council.
<b>H. Assets, Investments and Loans</b>		
Review of registers, policies and records	<i>The Council holds an asset register which is up to date and assets were inspected internally during the past year for risk.</i>	
<b>I. Bank Reconciliations</b>		
Review of internal controls	<i>The Clerk undertakes a monthly bank reconciliation. Whilst this is reviewed as part of the internal control process, it does need to be evidenced.</i>	It is recommended that in accordance with the Council's Financial Regulation 2.6, Council evidence in the minutes that this internal control is being undertaken.
<b>J. Accounting Statements</b>		
Review of process	<ul style="list-style-type: none"> <li><i>Appropriate accounting procedures are used and can be followed through from working papers to final documents.</i></li> <li><i>End of year accounts were prepared on a Receipts &amp; Payments basis.</i></li> <li><i>Figures were checked to Council's records.</i></li> </ul>	<p>It was highlighted to the Clerk that the Governance statements should be resolved individually by Council.</p> <p>The Council should receive and note the AGAR Annual Internal Audit Report before approving the Annual Governance Statement and the Accounts.</p>
<b>K. Limited Assurance Review</b>		

Criteria review	<i>The Council met the exemption criteria in 2024/25 with the exemption certificate verified</i>	
<b>L. Transparency Code</b>		
Review of published information on website	<ul style="list-style-type: none"> <li><i>In 2024/25, the Transparency Code for Smaller authorities applied and the Council published all information in line with the code apart from title numbers to land and buildings</i></li> <li><i>The Council's website does not indicate that it is WCAG 2.2AA compliant in respect of the latest Accessibility Regulations.</i></li> <li><i>Five years of AGAR information is available on the website.</i></li> <li><i>There are contact details for all Councillors on the website along with their responsibilities within Council if applicable.</i></li> <li><i>The Council has an appropriate Publication Scheme although it needs to be evidenced on the website that this has been reviewed since 2022.</i></li> </ul>	<p>The Fixed Asset Register needs to include the title numbers of land and buildings held by the Council.</p> <p>The Council's website is comprehensive and easy to navigate but the website needs updating with regards to compliancy of the latest Accessibility Regulations.</p> <p>A website accessibility statement also needs to be provided on the website.</p>
<b>M. Exercise of Public Rights</b>		
Review of 2023/24	<i>The Council published the exercise of public rights notice on the website and noticeboard with the following dates: 3<sup>rd</sup> June – 12<sup>th</sup> July inclusive. This appropriately included the first 10 working days of July and was formally minuted.</i>	
<b>N. AGAR publication</b>		
Review of 2023/24	<i>The Parish Council has complied with the publication requirements for the 2023/24 AGAR.</i>	
<b>O. Trust Funds</b>		
Review if applicable	<i>Not applicable</i>	

Transparency Compliant		
PROCESS	FINDINGS	RECOMMENDATIONS & ACTIONS
<b>1. Review of Internal Audit 2023/24 considered and actioned</b>		
Good Practice	<i>The Internal Audit was reviewed by Council. There were no matters requiring attention</i>	It would be best practice for the Internal Auditors final report to be published on the Council website
<b>2. External Audit recommendations 2023/24 considered and actioned</b>		
Good Practice	<i>The Conclusion of Audit report was received for 23/24 and published on the website.</i>	There were no Qualifications
<b>3. Compliance with Transparency Code</b>		
Good Practice / Legal conformity	<i>The Council does have to strictly adhere to the Transparency Code and publish all elements.</i>	

#### Further Recommendations:

In accordance with the guidance of the JPAG 2024 1.5, the Council needs to have appropriate evidence to support a 'yes' answer to an assertion and therefore **each** assertion in respect of Section 1 of the Annual Governance and Accountability Return for 2024/25 should be referenced with **each** decision in a set of formal minutes.

There is no evidence that any appropriate training is undertaken. This would be good practice to keep up with sector and legislative changes. All Staff and Councillors should be supported in training as it will be of great benefit, not only to professional development, but to the Council. It would be advantageous to the Council for the Clerk to be a member of the Society of Local Council Clerks for as well as sector specific guidance, there is a library of policy templates that would be accessible.

It was noted that some of the information on the website was not the most up to date versions of policies approved by Council e.g. the Code of Conduct was reviewed in January 2025, but this is not reflected on the website.

The Council has an adequate storage system for both digital and hard copy documentation. There should also be a supporting Document Retention Policy though.

There will be some changes to the 2025/26 AGAR documentation. It is therefore recommended that the Clerk become familiar with the proper practices outlined in the Practitioners Guide 2025 which is now available.

#### Conclusion

It is evident that Newton-in-the-Isle Parish Council is a very proactive Council for its community. The above are recommendations to help the Council improve its processes and in no way detract from the work it, and the Parish Clerk have already done. The Council is to be commended for employing a dedicated and able Clerk and having Councillors engaged in all aspects of Council life.

The Parish Clerk has introduced competent arrangements over the years and continues to seek improvement in order to ensure that Council's systems of internal financial control are transparent and effective.

My thanks are given to the Parish Clerk for providing documents on time and for his assistance which has ensured the smooth progress of the review process.

This report should be noted and taken to the next meeting of the Council for minuting to inform them of the Internal Audit work carried out.

If you would like any further assistance or clarification, please do contact me.

*Helen Simmons*

Legra Internal Audit Service  
Internal Auditor