



20th January 2025

Helen Symmons,
Legra Internal Audit

LegraIAS@outlook.com

2024/25 Interim Internal Audit Report for Ardleigh 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 Ardleigh 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 online on 15th January 2025 and finalised the information on 20th January 2025.

The Parish Clerk has been in post since 2019 with a Deputy Clerk employed by the Council in 2024.

AUDIT POINT	AUDIT FINDINGS	RECOMMENDATIONS & ACTIONS
A. Appropriate accounting records properly kept throughout the financial year		
Book Keeping Arrangements	<p><i>Appropriate books of account are being kept.</i></p> <p><i>The Council uses Excel spreadsheets for their accounting system and this is being used appropriately.</i></p> <p><i>Council minutes are up to date.</i></p> <p><i>An appropriate system of storage is in place for Council documentation.</i></p>	<p>Audit trails and bank reconciliations will be reviewed at the year-end Audit.</p> <p>The Council may wish to consider an appropriate software accounting package to assist administratively as the service provision of Council grows.</p> <p>The signing of minutes will be reviewed at the year-end Audit</p>
B. Financial Regulations complied with, payments supported by invoices, expenditure approved, VAT appropriately accounted for		
Document reviews, review of internal controls and decision making.	<p><i>Standing Orders are based on the NALC model updated in April 2022. They were reviewed in May 2024, but the document does not reflect this.</i></p> <p><i>All appropriate business of the annual council meeting in line with Standing Orders took place.</i></p> <p><i>The Council's Financial Regulations have been met in that appropriate authorisations have been given for each level of expenditure.</i></p> <p><i>Financial Regulations are based on the old NALC model. They were reviewed in May 2024, but the document does not reflect this. It is understood that the Council will be considering adoption of the new NALC model Financial Regulations</i></p> <p><i>No payments are made unless approved by Council and signed by 2 bank signatories.</i></p>	<p>It is recommended that any Policy document evidences both the adoption and subsequent review dates on the document. This will highlight to residents that the Council is proactive with its governance.</p> <p>It is recommended that the Council incorporate their own processes with regard to authorisation and making of payments within any model Financial Regulations adopted.</p> <p>A tweak needs to be made to the Council's internal controls to ensure that Financial Regulation 5.3 is met with regard to invoices being certified by the RFO.</p> <p>Council does not have the General Power of Competence. New Council decisions should evidence at the outset the power Council is relying upon to undertake new expenditure.</p> <p>Payments and invoices will be reviewed at the year-end audit to ensure VAT is appropriately accounted for, invoices certified and there is an audit trail for internal controls.</p>

	<p><i>There is no dual control system when making payments by internet banking. This has already been flagged in 2024 on the risk register.</i></p>	<p>It is recommended that some form of immediate check/evidence of payment be introduced when making online payments. This it to protect both Council and staff. E.g. bank payment receipts sent to the Deputy Clerk to ensure payment has been made by the Clerk in accordance with the invoice amount.</p> <p>With contracts due for renewal in March 2025, a review of procurement will be undertaken at the year-end Audit. The Clerk was made aware that The Procurement Act 2023 will come into effect 24th February 2025, replacing the Public Contracts Regulations 2015.</p>
C. Risk management & Insurance		
Review of internal controls	<p><i>The Council is due to review its Risk Management Strategy and Risk Register in March 2025, although it is noted that there is no evidence in the 2024 review that the management action and control of risk reduced the risk likelihood/impact or consequences already identified.</i></p> <p><i>A long-term insurance arrangement is in place, due to expire in 2025. Council confirmed its insurance arrangements in respect of all insurable risks in May 2024.</i></p> <p><i>Appropriate arrangements are in place for monitoring play areas, open spaces etc.</i></p> <p><i>The Council is responsible for trees and appropriate surveys and tree works are undertaken.</i></p>	<p>Risk management will be reviewed at the year-end Audit, but Council may wish to consider how the risk likelihood etc reduces by their actions and evidence this in the Risk Register.</p>

D. Budget, Precept and Reserves		
Review of internal controls, monitoring and decision making	<p><i>In the current financial year, progress against the budget is monitored and evidenced in minutes. This takes place quarterly.</i></p> <p><i>The Council has a Reserves Policy but is out of date as it contains historic reserve figures.</i></p>	<p>The adoption of the budget and precept for the forthcoming financial year will be reviewed at the Final Audit.</p> <p>It is recommended that the Reserves Policy be updated.</p> <p>There is no copy of the 2024/25 budget on the website. It is recommended that the electorate have the opportunity to see this as well as budget v actuals progress during the year by including this information in the published agenda.</p> <p>It was noted that as at 30th September 2024, there were a considerable number of budgets that had already been exceeded with significant variances. There did not seem to be any recorded explanations within the published documents to account for these or the steps Council were taking. Council as a demonstration of its responsibility to safeguard public money should evidence regard to budgetary overspends with an explanation and any suitable action. It is recommended that this practice be adopted and included in its Internal Controls document.</p> <p>Council's consideration of reserves will be reviewed at the year-end Audit.</p>
E. Income		
Review of internal controls, banking and VAT accounting	<p><i>Cemetery fees were last reviewed in April 2021.</i></p> <p><i>The administration of Burials is not under the control of the Clerk or Deputy Clerk. Only a list of the expected income was received. The amount on the list did not match the input on the book-keeping system. There does not seem to be formal requests made for payment. The formal burial register is not under the control of the Clerk or Deputy Clerk.</i></p> <p><i>It is understood that some outstanding payments have been identified in 2024 with regard to Burial fees.</i></p>	<p>It is recommended that an annual review of the fees occur and be evidenced in the minutes of Council.</p> <p>Now that the Council has a full administrative complement of employed staff, it is recommended that the administration relating to Burials be brought back under the control of the Parish Clerk. This will avoid any GDPR implications which presently exist and also ensure appropriate control procedures and documentation are in existence to provide a clear audit trail through to invoicing and recovery of all such income.</p>

		<p>It is recommended a Debtors policy be introduced and upheld. In the meantime, appropriate steps should be taken to follow up these aged debtors.</p> <p>Further checks regarding income will be made at the year-end audit review.</p> <p>A check will be made at the year-end audit to ensure the precept received during the year agreed to the precept demand made by Council to the District Council.</p>
F. Petty Cash		
Review of internal controls, decision making and VAT accounting	<i>A Petty cash system is not operated by the Council.</i>	It is understood that the Clerk due to administrative difficulties with some suppliers is making personal payments for Council expenses and claiming these back. It is recommended that the Council consider a PC debit or charge card as an alternative system to ensure compliance of Financial Regulations.
G. Payroll		
Review of process, internal controls and decision making	<p><i>Staff have appropriate contracts of employment.</i></p> <p><i>HMRC is paid by Council monthly re PAYE/NI.</i></p> <p><i>Staff are automatically enrolled for a pension when applicable.</i></p> <p><i>Salaries were paid in accordance with Council approvals.</i></p> <p><i>A staff appraisal system is in place.</i></p> <p><i>Councillor and Chair's allowances were resolved in April 2023. Whilst Councillors have yet to claim any allowances, the Chair's allowance is paid quarterly directly to the Chairman.</i></p>	<p>A check will be made at the final audit review with regard to Financial Regulation 4.4 and year-end payroll reports will be reviewed at the year-end audit.</p> <p>The Council may wish to consider formulating a Chairman's Allowance Policy. A sample policy is viewable via Thurcroft Parish Council.</p> <p>The Chair's allowance is being paid as a round sum and therefore has a tax liability. The quarterly payments should be made through the Council's payroll system. Only amounts reimbursed for actual deductible expenditure against receipts/expenses claim forms are not subject to tax. It should be noted that the basic allowance can only be paid to elected (not co-opted) councillors whereas any travel or subsistence allowance may be paid to all members, whether elected or co-opted.</p>

H. Assets, Investments and Loans		
Review of registers, policies and records	<p><i>The Council holds an asset register.</i></p> <p><i>It was noted that the Council are aware that they should have an Investment Strategy Policy.</i></p>	<p>This will be reviewed at the year-end audit.</p> <p>With bank balances in excess of £100,000 the Council needs to adopt an Investment Strategy Policy. An example of one is available at the link: investment strategy policy 2024.pdf</p>
I. Bank Reconciliations		
Review of internal controls	<i>The Clerk undertakes a monthly bank reconciliation. Whilst this is reviewed as part of the internal control process, clearer evidence should be provided.</i>	It is recommended that in accordance with the Council's Financial Regulation 2.6, Council should consider clearer evidence that this internal control is being undertaken.
J. Accounting Statements		
Review of process		This will be undertaken at the final audit review
K. Limited Assurance Review		
Criteria review	<i>The Council does not meet the exemption criteria.</i>	
L. Transparency Code		
Review of published information on website	<p><i>Whilst Ardleigh Parish Council due to its total expenditure being below £200k does not need to comply with the Local Government Transparency Code 2015, it is best practice to meet as many aspects of the expectations of the Code to be as open and transparent with the electorate.</i></p> <p><i>The Council's website does not recognise WCAG 2.2AA compliancy in respect of the Accessibility Regulations.</i></p> <p><i>Five years of AGAR information is available on the website.</i></p> <p><i>There are no contact details for any Councillors on the website.</i></p>	<p>For best practice, the Council may wish to meet aspects of the expectations of the Code. Easy to understand details of what could be published can be found here Transparency - Weymouth Town Council Weymouth Town Council</p> <p>The Council's website is comprehensive and easy to navigate but the website needs updating with regard to compliancy of the Accessibility Regulations.</p> <p>A website accessibility statement also needs to be provided on the website.</p>

		<p>It is recommended that the annual budget and precept demand is also published to the website.</p> <p>Councillors are elected to represent the electorate. It is recommended that at least the gov.uk email addresses be provided. Section 5.210 of the Practitioners Guide 2024 highlights the importance of using gov.uk domains for websites and emails not least the additional security measures as the Cabinet Office check for any cyber vulnerabilities and the increased control when FOI or subject access requests are received. Any councillor that uses a personal email for council business is at risk of having personal devices confiscated if there are investigations by the ICO.</p> <p>It is recommended that annual Councillor responsibilities be easily accessible to residents on the website – either with their profiles or a separate list.</p>
M. Exercise of Public Rights		
Review of 2023/24	<i>The Council published the exercise of public rights notice on the website and noticeboard with the following dates: 18th June to 29th July inclusive. This appropriately included the first 10 working days of July and was formally minuted.</i>	
N. AGAR publication		
Review of 2023/24	<i>The Parish Council has complied with the publication requirements for the 2023/24 AGAR.</i>	
O. Trust Funds		
Review if applicable	<p><i>It is stated in the May 2024 minutes that the Council is sole trustee for the Village Hall and Recreational Ground. Audits for the Trusts are undertaken by a 3rd party.</i></p> <p><i>I am informed that discussions are taking place with RCCE and the Charity Commission about the status of Ardleigh Village Hall.</i></p>	<p>There is evidence throughout the minutes that the lines between Council as a corporate body and as a sole trustee have become blurred. This needs to be addressed both in terms of governance and finances and external guidance sought if Council are unclear with regard to any conflict.</p> <p>To manage any potential conflicts of interest, it is recommended that the Council develop a Conflict of Interest policy that applies to their role as trustee.</p>

	<p><i>No Memorandi of Undertakings has been seen with regard to Ardleigh Village Hall Trust, the Recreational Ground Trust and the Parish Council</i></p>	<p>If it is clarified that the transfer to sole trustee in 2005 regarding the Village Hall was documented correctly, then the Council needs to ensure that this asset and management of it is kept separately from Council finances and procedures. It was noted that the risk was included within the Council's Risk Register, along with expenditure. The Trust should be dealing with all aspects of the Village Hall and ensuring correct reporting to the Charity Commission. Any expenditure relating to the Village Hall should be made in accordance with any Memorandum of Undertaking in existence between the Parish Council and the Village Hall.</p> <p>Section 5.110-5.120 of the JPAG provides further guidance on what applies including how to show the value of trust property in a Council's asset register. Additionally, The Local Authority (or Council) as Trustee guidance will have more information on all matters as provided by the Charity Commission.</p> <p>A review will be undertaken at the year-end audit that the Council has met its responsibilities as trustee where applicable.</p>
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Transparency Compliant		
PROCESS	FINDINGS	RECOMMENDATIONS & ACTIONS
1. Review of Internal Audit 2023/24 considered and actioned		
Good Practice	<i>The Internal Audit was reviewed by Council and published to the website</i>	No recommendations were contained within it.
2. External Audit recommendations 2023/24 considered and actioned		
Good Practice	<i>The Conclusion of Audit report was received for 23/24 and published on the website.</i>	There were no Qualifications
3. Compliance with Transparency Code		
Good Practice / Legal conformity	<i>Whilst the Council does not have to strictly adhere to the Transparency Code it would be best practice to ensure some elements are published.</i>	Council may find residents more engaged if they have the opportunity to view full agenda reports.

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.

Comprehensive reports are sent with agendas to Councillors to enable them to make informed decisions, however these are not published with the agenda on the website. It could be seen that the electorate may be at a disadvantage not knowing if they wish to speak on an agenda item without sight of this information. Council and the Parish Clerk may wish to give this some consideration.

In view of the proactiveness of the Council in the community and the services they provide, Council may wish to consider the adoption of a Strategic Plan in the future to aid cohesion and continuity of the Council and community engagement with residents.

With the proactive growth of the Council's precept, at some point, Council may wish to consider a sector related accounting package to support its financial and services provision and be an administrative aid.

It was noted that the Clerk does not have a copy of the Local Council Administration book. As the Council provide burial facilities it is recommended that a copy be purchased to aid good governance.

There is evidence that both the Clerk and Councillors undertake appropriate training. This is good practice and encouraged to continue. 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. Training on the responsibilities of the Council as a sole Trustee may be useful.

Conclusion

It is evident that Ardleigh 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 are to be commended for employing a dedicated and able Clerk and having Councillors engaged in all aspects of Council life.

The electorate number of Ardleigh Parish Council was 2197 in 2024 and the Precept for the year 24/25 was set at £81,077

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.

There are approval and authorisation controls to minimise risk, albeit these need a slight tweak to be fully effective. Councillors do need to take an active role in ensuring they complete the relevant parts of their internal control responsibilities and this always needs to be fully evidenced.

My thanks are given to the Parish Clerk for providing documents on time and for her 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