

Public Sector Audit

Skidby Parish Council

Internal Audit Report for the year ended 31 March 2025

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Introduction

Part 2, paragraph 5 (1) of the Accounts and Audit Regulations 2015 imposes a duty on Local Councils to “undertake an effective Internal Audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

Internal audit is a key component of the system of internal control. The purpose of internal audit is to review whether the systems of financial and other controls over a council's activities and operating procedures are effective.

At the request of the council I have conducted an Internal Audit review of the council's accounting records in respect of the financial year ended 31 March 2025. I have acted independently and, on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in place during the financial year.

The audit has been carried out in accordance with the council's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions and recommendations have been recorded in the table below.

Prioritisation of recommendations

In accordance with good internal audit reporting practice and the Governance and Accountability for Local Councils Practitioners Guide, the recommendations contained in this report have been prioritised. The following 'traffic light' system for the prioritisation of recommendations has been adopted: Page | 3

- Significant weakness in internal control requiring urgent attention.
- Moderate weakness in internal control requiring attention within the current year.
- Minor weakness in internal control, or matters of good practice the council may wish to consider, to be addressed within the current year.

Distribution List

Chairman of the Council

All Members of the Council

Clerk to the Council

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The findings of the audit are summarised below

	Test	Findings and Recommendations
1	Have appropriate books of account been properly maintained throughout the year?	<p><u>Appropriate accounting records</u></p> <p>Findings</p> <p>The cash book is maintained on spread sheets. It has been well maintained and balanced up to the 31st March 2025.</p> <p>It is sufficiently well analysed to provide all the information required for the completion of the Annual Governance and Accountability Return (AGAR).</p> <p>A year-end bank reconciliation has been performed and monthly reconciliations are presented to each meeting of the council.</p> <p>Records are maintained to provide an audit trail from original receipts/invoices and remittance advices to the cash book and bank.</p>
2	Have the council's Financial Regulations and Standing Orders been formally adopted and complied with?	<p><u>Adherence to Financial Regulations and Standing Orders</u></p> <p>Findings</p> <p>The council's Standing Orders were reviewed and approved, with no amendments, at the council meeting held on the 4th June 2024. Following a review by the Finance Committee on the 28th May 2024, the updated 2024 NALC Model Financial Regulations, amended to suit the council's requirements, were adopted at the same meeting.</p> <p>At the time of the council's review in 2024, both Financial Regulations and Standing Orders were based on the latest NALC Models. During April 2025, however, NALC updated its Model Standing Orders for Local Councils to adopt.</p>

		Recommendation <ul style="list-style-type: none"> ● The council should review and adopt NALC's updated 2025 Standing Orders, amended as appropriate to suit the council's needs.
3	<p>Are payment controls effective and VAT properly accounted for?</p> <p>Has the council recorded s137 expenditure separately and is it within the statutory limit?</p>	<p><u>Adequate payment controls</u></p> <p>Findings</p> <p>I have tested all payments throughout the year.</p> <p>I have reviewed for completeness, accuracy, correct year of account, authorisation by Council Members, reporting to council and classification within the council's accounts.</p> <ul style="list-style-type: none"> ➤ It was noted that invoices for Scottish Power were not always present on the file submitted to audit. On two occasions, a single invoice was used to support three separate monthly payments. On a further occasion a single invoice was used to support two monthly payments. The invoices used in support of the payments were, however, for different periods and different amounts to the actual payments made by Direct Debit. <p>I have checked and confirmed that the council strived to obtain estimates and quotations in accordance with the council's Financial Regulations. The Grounds Maintenance contract was awarded for three years from 2023/24 to 2025/26 and quotations for other goods and services were sought as required and attached to the respective invoices submitted to audit.</p> <p>I have tested to confirmed that VAT has been identified and correctly recorded in the accounting records for inclusion in the VAT reclaim at the year end.</p> <p>A separate account has correctly been established for s.137 expenditure. During the year £19.99 has been coded to this statutory power. The expenditure is appropriate for this statutory power and is well within the annual statutory limit.</p>

		<p>The Clerk has confirmed that no cheques were issued during the year.</p> <p>Invoices paid online via the BACS system were supported by three authorising signatures on each invoice and the BACS authorisation schedule. A schedule of monthly payments - including BACS and Direct Debit - is also included in the council's minutes and agreed by Council Members.</p> <p>Recommendation</p> <ul style="list-style-type: none"> ● The council should ensure that all payments are supported by an invoice or receipt for transparency purposes and audit review and verification.
4	<p>Has the council assessed the significant risks in delivering its activities and services and regularly reviewed the adequacy of these assessments?</p> <p>Is insurance cover appropriate and adequate?</p> <p>Are financial controls documented and regularly reviewed?</p>	<p><u>Assessment of significant risks</u></p> <p>Findings</p> <p>The council maintains a Risk Register which identifies all council risks and the measures in place to control and mitigate the risks. A Christmas lights switch-on Risk Assessment is also maintained. Both documents were reviewed and approved at the council meeting held on the 3rd September 2024.</p> <p>As the council no longer has any play equipment a single inspection of the remainder of the councils Assets, including benches, bins, lamp posts, notice boards, statues, lecterns, signs, office equipment and civic regalia, was undertaken during March 2025. Inspection sheets were completed identifying the month of inspection, the condition of the assets and the work required to remedy any defects. There is also provision on the forms for the date of completion of any remedial works but the copies of the forms presented to audit have not been completed to identify when the works were completed.</p> <ul style="list-style-type: none"> ➤ The 2023/24 Internal Audit Report was discussed at the meeting held on the 7th May 2024 and minute 19/24ii resolved that assets be formally inspected every six months. <p>I have examined the council's insurance policy and the indemnity limits are considered to be adequate.</p>

		<p>I have reviewed the security of the council's electronic data. The Clerk has confirmed that all electronic records are backed up to cloud storage and hence are updated and saved automatically. The council's computer is password protected.</p> <p>Recommendations</p> <ul style="list-style-type: none"> ● In view of the poor condition of some council seats when they were inspected during March 2025 and to comply with council minute 19/24ii, of the 7th May 2024, inspections of council assets should be undertaken six monthly. ● In order to protect its interests, in the event of an incident or a claim against the council, the date(s) on which work to rectify faults were completed should be recorded on the inspection sheets.
5	<p>Has the annual precept requirement resulted from an adequate budgetary process?</p> <p>Has progress against budget been regularly monitored and reported and were reserves appropriate?</p>	<p><u>Adequate budgetary process</u></p> <p>Findings</p> <p>A detailed budget, which identified each income and expenditure cost centre, was prepared for 2024/25 and was approved by Full Council on 9th January 2024.</p> <p>Budget monitoring reports, which compare actual income and expenditure against the council's original budget, are presented to each council meeting for review and approval. Reports are also submitted to the Finance Committee when appropriate and for budget setting purposes. The council's minutes record the noting of the reports.</p> <p>The monitoring reports are reviewed by council Members and discussions take place if any queries arise or if any income or expenditure codes show significant variations from original budget.</p> <p>The council's balances as at the 31st March 2025 totalled £71,896. This comprised reserves of £24,148 earmarked for future projects and contingencies and the remainder is a general working balance of £47,748. The general balance represents 106% of the council's current Precept requirement and it is considered to be both adequate and prudent for a council the size of Skidby Parish Council.</p>

6	<p>Was all expected income fully received in accordance with the current scale of charges, properly accounted for and promptly banked?</p> <p>Were security controls over cash and cash equivalents effective?</p>	<p><u>Adequate income controls</u></p> <p>Findings The council's Precept for 2024/25 totals £40,178 which agrees to the two equal instalments of £20,089 received on 30/04/24 and 30/09/24.</p> <p>The council also received income in respect of land rent, hire of the playing field, the Cemetery, a VAT refund from HMRC, a National Grid Licence fee, a donation from the Christmas lights switch-on and bank interest. I have agreed all income received to supporting documentation and the Cemetery Scale of Charges with the exception of one charge for the scattering of ashes which was incorrectly charged.</p> <p>➤ Following last year's audit the Clerk has provided the minute references from meetings held on 01/12/15 and 03/03/20 to confirm the charges for the rent of land owned by the council.</p> <p>Recommendation ● Care should be taken to ensure that all invoices for council services are in accordance with the formal Scale of Charges or minute approvals.</p>
7	<p>Were petty cash payments appropriate and supported by receipts?</p> <p>Was all expenditure approved and reported to members?</p> <p>Has VAT been correctly accounted for?</p>	<p><u>Appropriate petty cash controls</u></p> <p>Findings A separate petty cash system is not maintained. All petty disbursements incurred by the Clerk are reclaimed monthly and reimbursed through the payments system, together with all other payments.</p> <p>The VAT element of sundry expenditure incurred has been correctly analysed and identified in the cash book.</p> <p>Petty disbursements are reported to council monthly together with all other council payments.</p>

8	<p>Do all employees have contracts of employment with clear terms and conditions?</p> <p>Are salaries to employees and all other payments and allowances paid in accordance with council approvals?</p> <p>Has PAYE and NI been correctly deducted and paid to HMRC?</p>	<p><u>Adequate payroll controls</u></p> <p>Findings</p> <p>The Clerk's new contract was issued on the 4th July 2023 and was signed by both parties on the 14th July 2023.</p> <p>I have agreed all salary payments from April 2024 to March 2025 to the new contract and the 2024/5 NJC National Pay Award, including appropriate back pay from the 1st April 2024.</p> <p>It is noted that the council agreed to changes to the Clerk's terms and conditions of contract with effect from the 1st November 2024. This was not, however, implemented prior to the end of the 2024/25 financial year. The Clerk has confirmed that the change will be in actioned during April 2025.</p> <p>The Clerk prepares a weekly time sheet that is signed as agreed by the Chair of the Personnel Committee. Also, a cumulative weekly summary of hours worked, hours paid and the resultant balance to date is maintained.</p> <p>The Clerk has been subject to PAYE and NI regulations via the payroll prepared using HMRC Basic Tools.</p> <p>For the sample checked, PAYE and NI deductions have been correctly paid to HMRC.</p> <p>The External Auditor requires me to check that the correct employers' pension percentage contribution has been applied. The Clerk has confirmed that she has, however, opted not to auto-enrol into the Government's NEST pension scheme.</p>
9	<p>Is the Asset and Investment Register complete and accurate and reviewed on a regular basis?</p>	<p><u>Appropriate recording of assets</u></p> <p>Findings</p> <p>The council's Asset Register is maintained as a schedule in the recommended format. It was reviewed and agreed by council on the 4th March 2025.</p>

		<p>I have reviewed the expenditure records for the year and confirm that no assets were purchased during the year that needed to be added to the register.</p> <p>Items of playing field equipment that were beyond economic repair were removed during the year and the register was correctly amended to reflect the disposals.</p> <p>The council does not hold any investments.</p>
10	<p>Were bank reconciliations performed on a regular and timely basis?</p> <p>Has a year-end reconciliation been performed and balanced?</p> <p>Have all bank reconciliations been reviewed by an appointed member and evidenced as such?</p>	<p><u>Adequate bank reconciliations</u></p> <p>Findings The Clerk prepares bank reconciliations each month which include the Council's Current Account and Instant Access Account.</p> <p>The reconciliations balance the cash book to the bank statements for both accounts each month. The reconciliations, that are presented to each council meeting, have all been signed by the Chairman as well as the respective bank statements to confirm that they are in agreement. This is considered to best practice and an important part of the council's internal financial control systems.</p> <p>A review of the reconciliations confirms that there are no unusual or balancing entries.</p>
11	<p>Were Accounting statements 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, were debtors and creditors properly recorded?</p>	<p><u>Correct accounting basis and previous Internal Audit Report actioned</u></p> <p>Findings The year-end statements have been prepared on the correct accounting basis (Receipts and Payments) and, therefore, debtors and creditors have not been included.</p> <p>The statements agree with the cashbook and there is an audit trail from underlying financial records to the year-end statements.</p>

	Has the previous Internal Audit Report been submitted to council and actioned as necessary?	<p>The figure in box 8, bank balances, agrees to the council's year-end bank reconciliation statement and the figure in box 9, fixed assets, agrees with the year-end total on the Asset Register.</p> <p>The Internal Audit Report in respect of 2023/24 was presented to, and accepted, at the Finance Committee Meeting held on the 30th April 2024. The report was presented to council on the 7th May 2024 and it was accepted and resolved, as noted in section 4 of this report, that <i>"Assets be formally inspected every six months but that any issues identified in the interim be reported to the Clerk for action."</i></p>
12	If the council certified itself as exempt from an External Audit Limited Assurance Review last year, has it met the exemption criteria and correctly declared itself exempt?	<p><u>Exemption Certificate</u></p> <p>Findings</p> <p>The council, correctly, did not complete an Exemption Certificate under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015.</p>
13	Did the council correctly provide, during the summer, the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations 2015?	<p><u>Exercise of Public Rights</u></p> <p>Findings</p> <p>I have confirmed by a review of the council's website that, during the summer of 2024, the council correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the 2015 Accounts and Audit Regulations.</p>
14	Did the council comply with the publication requirements for the previous year's AGAR?	<p><u>Publication Requirements</u></p> <p>Findings</p> <p>I have reviewed the council's website and confirmed that the Parish Council published the correct documents as required by the Accounts and Audit Regulations 2015, with the exception of the completed External Audit Certificate. In accordance with the Accounts and Audit Regulations and the External Auditor's guidance, the External Auditor Report and Certificate must be published on the council's website before 30th September 2024.</p>

		Recommendation ● The council should ensure that it publishes on its website all documentation in accordance with the requirements of the Audit and Account Regulation 2015.
15	Has the council met its responsibilities as a Trustee?	<u>Trustee responsibilities</u> Findings I have seen no evidence that the council has responsibility as a sole Trustee for Trust Funds and the Deputy Clerk has confirmed that this is the case.

Executive Summary

The report has highlighted that issues have arisen during the year which require consideration to ensure that they do not re-occur during the current financial year.

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Generally the accounts and governance arrangements of the council have been maintained to a good standard and the assistance of the Clerk of the council in the completion of this audit was much appreciated.

The adoption of the above recommendations will serve to strengthen the systems, procedures and governance arrangements that already in place.

The Internal Audit has been conducted in accordance with the Governance and Accountability for Local Councils – Practitioners Guide 2024.

I confirm that I have no relationship or interest, financial or otherwise, with any member or officer of the council.

Richard Dixon

Public Sector Audit

19th April 2025

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