

Internal Audit Report 2024/25

(To be read in conjunction with the Annual Internal Audit Report in the Annual Governance and Accountability Return)

Name of council:	Flaunden Parish Council		
Name of Internal Auditor:	Peter Evans	Date of report:	16/5/2025
Year ending:	31 March 2025	Date audit carried out:	14/5/2025

Internal audit is the periodic independent review of a council's internal controls resulting in an assurance report designed to improve the 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 council through its staff and management and not left for internal audit. It would be incorrect to view internal audit as the detailed inspection of all records and transactions of a council in order to detect error or fraud. This report is based on the evidence made available to me and consequently the report is limited to those matters set out below.

The council is required to take appropriate action on all matters raised in reports from internal and external audit and to respond to matters brought to its attention by internal and external audit. Failure to take appropriate action may lead to a qualified audit opinion.

To the Chairman of the Council:

I met Jack Debnam at his property to carry out the internal audit on 14th May 2025. It is noted that the Clerk is a volunteer so there is no formal contract.

I have completed the 2024/25 Annual Internal Audit Report and have completed as yes boxes, A, C, E, H, I, J, K, L, M & N.

I have completed as 'No' the following boxes;

- Box B – The council do not follow Financial Regulation 6.7 and 7.1 when authorising payments.
- Box D – The council did not consider reserves before setting the precept.

I have stated as 'not covered' the following.

- Box F -- because there is no petty cash.
- Box G – there are no staff employed by the council.

I have marked Box 'O' as N/A as the council has no charities.

General

The Clerk has a wonderful system for the accounts. I note that the council have considered my comments previously re possibly moving away from Excel spreadsheets and to an appropriate accounting software, so will not mention it again.

Prior to the visit I checked available documents on the council's website which is quite comprehensive.

A. Appropriate accounting records have been kept throughout the Year.	YES/NO
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It is noted that the accounts are held on a spreadsheet, which Jack as a former accountant is well versed in its workings.

B. The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.	YES/NO
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The Financial Regulations were reviewed in May 2024. I checked the invoices for April September, December 2024 & March 2025, The Clerk checks them for accuracy before sending them on electronically to two councillors to approve. The e-mail reply from councillors is kept electronically and I was shown a sample of these. VAT is claimed once a year and the 2023/24 account was checked and received in 2024/25.

This is not strictly not compliant with the Financial Regulations 6.7 adopted by the council in May 2024 which state *'The RFO shall present a schedule of payments requiring authorisation, forming part of the agenda for the meeting, together with the relevant invoices, to the council {or finance committee}. The council {or committee} shall review the schedule for compliance and, having satisfied itself, shall authorise payment by resolution. The authorised schedule shall be initialled immediately below the last item by the person chairing the meeting.'*

It is also noted that the Clerk sets up the payments and although two councillors agree that the invoice may be paid only one councillor goes onto the Unity Trust Bank account to authorise the payment. Again point 7.1 of Financial Regulations state *'Where internet banking arrangements are made with any bank, the RFO shall be appointed as the Service Administrator. The bank mandate agreed by the council shall identify councillors who will be authorised to approve transactions on those accounts and a minimum of two people will be involved in any online approval process. The Clerk may be an authorised signatory, but no signatory should be involved in approving any payment to themselves'*. This means that two councillors authorise the payment, not one.

Action –

- a) When the council review the 2025 Financial Regulations circulated by NALC, they should review point 6.7 and amend this to reflect practice.
- b) That the council ensure that the mandate at Unity Bank is altered to ensure that two councillors authorise payments not one.

C. The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	YES/NO
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The financial risks have been reviewed.

D. The Precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored; and reserves are appropriate.	YES/NO
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The council set the budget in January 2025. It was minuted that the budget and precept has been agreed. However, the Audit Regulations state that the process should be.

- That the budget figure should be agreed (would be useful that this figure is minuted).
- That the council looks at its reserves and these are taken into account when the precept is set.
- The precept figure should also then be set and minuted.

In the 2024 report I did suggest the following process should be followed in 2025 to comply with this requirement.

- a) That it agrees and minutes the budget figure.
- b) That the council considers its reserves, and these are taken into account when the precept is set.
- c) That the precept figure is then set and minuted.

Action: The above process is followed in 2026.

E. Expected income was fully received based on correct prices, properly recorded, and promptly banked; and VAT appropriately accounted for.	YES/NO (Precept income)
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It is noted that Flaunden are now in receipt of CiL as well as the Precept so need to be aware that if they exceed £25,000 on either income or expenditure (not combined) they cannot complete the exemption of external audit certificate.

F. Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for.	YES/NO/NA
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G. Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.	YES/NO/NA
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H. Asset and investment registers were complete and accurate and properly maintained.	YES/NO
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It is noted that the CCLA account is open and generating interest. This is mainly storing the CiL funds received which a good use of the funds until a project is agreed.

I. Periodic bank reconciliations were carried out throughout the year.	YES/NO
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Bank reconciliations are carried out by the clerk and then all information is sent to a councillor for checking.

J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.	YES/NO
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It is noted that the council does check the performance of the council against the budget set.

K. If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt.	YES/NO
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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	YES/NO.
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The website has the documents available online for a member of public to be informed as to what business is being discussed at the meeting.

M. The authority has, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit regulations.	YES/NO
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At the Annual meeting in May 2023, although the public rights document was agreed, the dates of the public rights was not minuted and also the date on the document is some time after the meeting where this was discussed.

N. The authority complied with the publication requirements for the prior year AGAR.	YES/NO
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O. Trust funds (including charitable) - the Council has met its responsibilities as a trustee.	YES/NO/NA
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Yours sincerely,

Peter Evans PSLCC
Internal Auditor to the Council
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Pe140814@gmail.com

The figures submitted in the Annual Governance and Accountability Return are:

	Year ending 31 March 2024	Year ending 31 March 2025
1. Balances brought forward	20,214	15,190
2. Annual precept	6,153	6,355
3. Total other receipts	10,415	9,202
4. Staff costs	0	0
5. Loan interest/capital repayments	0	0
6. Total other payments	21,592	7,810
7. Balances carried forward	15,190	15,832
8. Total cash and investments	15,234	22,713
9. Total fixed assets and long-term assets	15,832	15,832
10. Total borrowings	0	0

The proper practices referred to in Accounts and Audit Regulations are set out in *Governance and Accountability for Smaller Authorities in England (2022)*. It is a guide to the accounting practices to be followed by local councils, and it sets out the appropriate standard of financial reporting to be followed. A copy of the guide is available for free download from: