

Hockering Parish Council

Internal Audit Report
Financial Year 2024/25

Prepared by Sonya Blythe
3 April 2025

I have completed an internal audit of the accounts for Hockering Parish Council for the year ending March 2025.

My findings are detailed below using the tests provided in the Governance and Accountability (England) guidance.

| Internal control | Test | Observations |
|---|--|--|
| Proper bookkeeping | Is the cashbook maintained and up to date? Is the cashbook arithmetically correct? Is the cashbook regularly balanced? | Yes Yes Yes, reported each meeting |
| Standing Orders, Financial Regulations and payment controls | Has the council formally adopted Standing Orders and Financial Regulations? Date Standing Orders last reviewed | Yes March 24 |
| | Date Financial Regulations last reviewed | March 24 |
| | Has a Responsible finance officer been appointed with specific duties? | Clerk is RFO |
| | Are payments in the cashbook supported by invoices, authorised and minuted? | Yes, trail from invoices to bank accounts and minutes. No paperwork for grant requests – SEE NOTE |
| | Has VAT on payments been identified, recorded and reclaimed? | VAT column in cashbook. No claim since August 23 - SEE NOTE |
| | Is s137 expenditure separately recorded and within statutory limits? | No column in cashbook |
| | Have S137 payments been approved and included in the minutes as such? | Power not used |
| Risk management arrangements | Does a review of the minutes identify any unusual financial activity? Do minutes record the council carrying out an annual risk assessment or review of their risk management scheme? Is insurance cover appropriate and adequate? Are internal financial controls documented and regularly reviewed? | No No – dated March 24 Yes, liability and fidelity cover in place No separate policy, but procedures in place |

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|-----------------------|--|--|
| Budgetary controls | Has the council prepared an annual budget in support of its precept and has this been minuted as being approved? | 2425 – January 24 minutes 2526 – January 25 minutes / by email – SEE NOTE |
| | Has the precept been calculated from the budget and been approved? | 2425 – recorded as £10,000 2526 – recorded as £10,000 |
| | Does the budget include an actual completed year? | Yes |
| | Is actual expenditure against budget regularly reported to the council? | Only when budget setting and year end – SEE NOTE |
| | Are there any significant unexplained variances from budget? | No |
| | Is income properly recorded and promptly banked? | Yes, only income received by BACS |
| Income controls | Does the precept recorded agree to the Council Tax authority's notification? | Statement £10,000 Remittance £10,000 |
| | Is all petty cash spent recorded and supported by VAT invoices/receipts? | N/A |
| | Is petty cash expenditure reported to each council meeting? | N/A |
| Petty cash procedures | Is petty cash reimbursement carried out regularly? | N/A |
| | Do all employees have contracts of employment with clear terms and conditions? | Yes, contract seen |
| | Do salaries paid agree with those approved by the council? | Yes |
| Payroll controls | Are salaries above the National Living Wage/Minimum Wage? | Yes November 24 - national pay award implemented |
| | Are other payments to employees reasonable and approved by the council? | Yes |
| | Have PAYE/NIC been properly operated by the council as an employer? | Yes, accounted for on payslips and BACS payments made to HMRC |

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|--|--|--|
| Asset controls | Does the council maintain a register of all material assets owned or in its care? | Yes |
| | Are the assets and Investments registers up to date? When were these last reviewed? | Yes, April 24 minutes |
| | Do asset insurance valuations agree with those in the asset register? | Yes, schedule seen |
| Bank reconciliation | Is there a bank reconciliation for each account and is this reported to council? | Yes, balances reported monthly |
| | Is a bank reconciliation carried out regularly and in a timely fashion? | Yes |
| | Are there any unexplained balancing entries in any reconciliation? | No |
| Year-end procedures | Is the value of investments held summarised on the reconciliation? | N/A |
| | Are year-end accounts prepared using the correct accounting basis (Receipts and Payments or Income and Expenditure)? | Yes, R&P |
| | Do accounts agree with the cash book? | Yes AGAR – 20287 Statements - £20287.22 |
| | Has a year-end bank reconciliation been undertaken? | Reconciliation - £20287 |
| | Is there an audit trail from underlying financial records to the accounts? | Yes, account matches cashbook |
| Procedural | Where appropriate, have debtors and creditors been properly recorded? | N/A |
| | Is eligibility for the General Power of Competence properly evidenced? | N/A |
| Transparency: For smaller councils with turnover under £25,000 | Have points raised on the last Internal Audit report been considered by council and actioned? | Recommendation to include list of payments over £100 on website – these are already included within published Council minutes. |
| | Minutes for whole year on website? | Yes |
| | Agendas for whole year on website? | Yes |

| Internal control | Test | Observations |
|------------------------------|---|------------------------------|
| | Payments over £100 detailed on website? | Yes, payments within minutes |
| | Electors' rights advertised on website? | Yes |
| | Councillors' responsibilities detailed on website? | Yes |
| | Last financial year's AGAR on website? | Yes |
| | Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use) | Yes |
| Burial Authorities only | Are fees levied in accordance with the Council's approved scale of fees and charges? | N/A |
| | Have fees for the cemetery been reviewed and agreed by Council? | N/A |
| | Were comparisons made with other cemeteries prior to setting the fees? | N/A |
| | Have burial books been kept up to date and are they safely stored? | N/A |
| Allotments only only | Has a list of allotment holders with amounts paid to Council been submitted? | N/A |
| | Have fees for the allotments been reviewed and agreed by Council? | N/A |
| Councils with charities only | Have Charities reported and accounted separately? | N/A |
| | Have the Charity accounts been independently audited? | N/A |
| | Have the Charity accounts and Annual Return been filed within the legal time limit? | N/A |
| ICO | Is Council registered with the Information Commissioners Office? | Yes, November 24 |

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|-------------------------------------|---|-----------------|
| General Data Protection Regulations | Has the Council adopted a Data Protection Policy? | Yes |
| | Has the Council put in place Privacy Notices? | Yes, on website |
| Other | | N/A |

Thank you to Margaret for supplying everything so promptly.

- I have checked through your accounts and confirmed them against income and expenditure receipts, as well as against payments in your cashbook. Bank reconciliations are regularly carried out for the accounts.
- I have confirmed that your Financial Regulations and Standing Orders are up to date.
- I have verified that your insurance is adequate.
- I confirm that your payroll management meets requirements
- I have reviewed your budget setting process and have a note regarding this below.
- I have reviewed the AGAR against your year-end bank reconciliations and your accounts

I have signed the internal audit section of the AGAR but have several recommendation for the following year below.

Notes / recommendations for 25/26:

Email address – the JPAG Practitioners Guide states that “All Parish, Town and Community Councils are eligible to use, and are advised to use, a .gov.uk domain for their websites and email communications. Your community, suppliers and partners will now reasonably expect a local council to have a .gov.uk domain name”. This is advice rather than a requirement, so I flag it for information only.

VAT reclaim – Your VAT has not been reclaimed since 2023. Although not a huge amount at this time, for cashflow you should try and reclaim at least annually.

Budget approval – The Local Government Act 2000 mandates that full council meetings approve the council's budget and council tax demand, ensuring transparency and public accountability through open decision-making and scrutiny mechanisms. I appreciate that your budget had been discussed in your December meeting, but when the January meeting to set the budget was cancelled it should have been rearranged so that the process was completed in public. I have had to tick no to Box D.

Budget monitoring – I would recommend that budget monitoring be provided to Councillors a minimum of quarterly, so that you are fully aware of your current spend against budget.

Your risk assessment should be carried out annually so that Council can confidently tick box 5 of the Governance Statement. This was due in March 25. I have ticked yes to box C as it is only one month out of date, but please ensure this is reviewed this year.

Hamper – without the General Power of Competence or a Chairman's Allowance in the budget, Council had no power to buy a hamper for a fellow Councillor. It therefore should have been purchased outside of Council meetings, via donations from Councillors. To prevent this happening again, if Council consider items such as this to be a good use of public funds, then a Chairmans Allowance could be built into future budgets, which can be used for purchases for which no other powers exist.

Grants – it would be worth introducing a grant request form on your website. This will ensure that you are fairly comparing all grant requests, and will provide a paper trail for these transactions in your invoice file.

Sonya

Sonya Blythe
Internal auditor