

Upton Scudamore Parish Council

Internal Audit Report 2024-2025

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For and on behalf of
Auditing Solutions Ltd

Background

Statute requires all town and parish councils to arrange for an independent internal audit examination of their accounting records and system of internal control and for the conclusions to be reported each year in the AGAR.

This report sets out the work undertaken in relation to the 2024-25 financial year. We have undertaken our review for the year remotely: we wish to thank the Clerk in assisting the process, providing all necessary additional documentation in electronic format to facilitate completion of our review for the year and sign off of the Internal Audit Certificate in the year's AGAR. We have undertaken sufficient transaction testing to offer a valid opinion as to whether governance and financial controls remain effective.

Internal Audit Approach

In undertaking our review for the year, we have had regard to the materiality of transactions and their susceptibility to potential misrecording or misrepresentation in the year-end Statement of Accounts / AGAR. Our programme of cover has been designed to afford appropriate assurance that the Council's financial systems are robust and operate in a manner to ensure effective probity of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory regulatory framework. The programme is also designed to facilitate our completion of the 'Internal Audit Report' as part of the Council's AGAR process: this requires independent assurance over a number of internal control objectives.

Overall Conclusion

We have concluded that, on the basis of the satisfactory conclusion of our annual programme of work, the Council has continued to maintain adequate and effective internal control arrangements. While we have not seen the need to make any formal recommendations this year, we have made some observations throughout this report that we would invite the Council to consider.

Consequently, we have completed and signed the year's 'Internal Audit Report', having concluded that, in all significant respects, the control objectives set out in the Report have been achieved throughout the financial year to a standard adequate to meet the needs of the Council.

We wish to thank the Clerk for the very clear way transactions are recorded and for her assistance in providing all necessary documentation for our review so promptly at the financial year-end. We note that she is now leaving the Council, and wish her every success in the future.

Finally, we would note that this is the last audit that we will undertake for Upton Scudamore. It is hoped that Auditing Solutions will be shortly sold as a Going Concern, and that the Council will be able to continue with a new and preferred audit provider without interruption.

We express our gratitude to the Council, and the Clerk, for the opportunity to have been of service over the years, and we wish the Council all future success.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

The Clerk maintains the Council's accounting records in spreadsheet format, which is perfectly adequate in view of the small number of annual transactions: we are also pleased to note the use of appropriate columnar analysis to assist in budget monitoring and production of information for inclusion in the Council's AGAR.

Two bank accounts are currently in operation with HSBC. We have verified the spreadsheet detail for the full financial year to both Current and Deposit bank account statements, also verifying the accuracy of the brought forward balances as at 1 April 2024 to the prior year closing balances. Finally, in this area, we have checked and verified the bank reconciliation as at 31 March 2025 and ensured the accurate disclosure of the year-end balance in the AGAR at Section 2, Box 8.

Bank reconciliations are reported to the Council on a quarterly basis, and signed off by the Chair. It is noted that such a small Council has difficulty in establishing the independent check required by Financial Regulation (FR) 2.6, although this should be implemented if practicable.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation, other than our observation about compliance with FR2.6.

Review of Corporate Governance

Our objective is to ensure that the Council has a robust regulatory framework in place; that Council meetings are conducted in accordance with the adopted Standing Orders and that no actions of a potentially unlawful nature have been or are being considered for implementation.

We note that the Council formally reviewed its Standing Orders (SOs) and Financial Regulations (FRs) based upon the latest versions of NALC's model documents, and adopted these at the August 2024 meeting of the Full Council. We note that the tendering limits in both documents have been maintained at £5,000 to make them more applicable to the size and activities of the Council.

We have examined the Council Minutes for the year to determine whether any issues exist that may have either a legal or financial impact on the Council and its future financial stability, also ensuring that, as far as we may be reasonably expected to ascertain, no actions / decisions of an unlawful nature have occurred or may be being considered.

We note that the Council continues to maintain on its website a good level of documentation in accordance with the Transparency Code, although we have discussed some presentational improvements with the Clerk.

Finally, we note that the Exercise of Public Rights with regard to the 2023-24 Accounts was properly published in accordance with the Accounts and Audit Regulations.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation, other than our observation about presentational improvements to Transparency Code information.

Review of Payments

We have reviewed a sample of payments made during the year to ensure that the following criteria were met:

- Payments were supported by a trade invoice or acknowledgement of receipt;
- VAT has been calculated correctly. Reclaims are submitted to HMRC on an annual basis, given the relatively small sum involved. This takes place in the following financial year;
- The Council approve all payments due at each meeting;
- Payments have been correctly analysed in preparation of the year-end Statement of Accounts; and,
- Section 137 payments have been identified in the cashbook and are within the Council's spending limit.

We have confirmed that the balance on the VAT account as at 31 March 2024 was recovered in May 2024. A balance of £415.27 as at 31 March 2025 will be recovered during 2025-26.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation.

Assessment and Management of Risk

We note that the Council considered and re-adopted its Risk Register at its May 2024 meeting, which meets the requirements of Financial Regulation 2.2.

The Council is currently insured with Zurich (via Community First) up to 31 May 2025, on a 3-year Long Term Agreement. We have reviewed the content of the 2024-25 insurance schedule and consider that it is appropriate for the Council's current needs with Public and Employer's Liability in place at £10 million each, and sufficient cover for identified Assets.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation.

Budgetary Control and Reserves

The Council's Minutes, together with the supporting papers, indicate that Councillors have undertaken a robust Budget setting and Precept determination process and have approved the 2025-26 budget and Precept, setting the latter at £6,500 at the November 2024 meeting of the Full Council.

We note that members are routinely provided with budgetary performance information at each Council meeting, together with bank reconciliation detail.

At the November 2024 meeting the Council set Earmarked Reserves (EMR's) totalling £1,900 (discounting the General Reserve provision), including a provision for possible Election fees.

The closing cash balance at 31 March 2025 is £3,098. After deducting the above EMR's, this leaves a General Reserve of £1,198, which is required to meet unforeseen financial challenges. This is slightly less than 20% of the agreed Precept, against a Best Practice level of 50%. We have expressed our concern at this low value before, which actually shows a slight decrease in the position as at 31 March 2024. However, we note that this issue is under regular review by the Council.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation, other than our repeated observation about building up a prudent level of balances.

Review of Income

The Council receives, in addition to the annual precept, limited income from bank interest, occasional grants and donations and recoverable VAT. We have checked and agreed detail of all income recorded in the cashbook to supporting bank statements and other available documentation for the financial year with no issues arising. We note a significant grant in 2024-25 from the Community Association regarding the purchase of a defibrillator.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation.

Petty Cash Account

The Council does not operate any form of petty cash account. Therefore there are no issues arising in this area of our review warranting formal comment or recommendation.

Salaries and Wages

In examining the Council's payroll function, we aim to confirm that extant legislation is being appropriately observed as regards adherence to the Employee Rights Act 1998 and the requirements of HMRC legislation relating to the deduction and payment over of income tax and NI contributions, noting that the Clerk, who is the sole employee of the council, has opted out of the Council's pension scheme.

The Clerk continues to prepare the payroll using the HMRC bespoke Basic PAYE Tools software: we have test-checked salary records ensuring that the appropriate tax allowances have been applied.

We also note that the most recent NJC pay award has been processed within the financial year, following approval by Council at its November 2024 meeting.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation.

Asset Register

The Council continues to maintain and review a comprehensive Asset Register that meets the requirements of Financial Regulations. This was most recently approved in May 2024, with a condition inspection undertaken in February 2025. All identified assets are properly valued at either original cost price or a nominal £1 in accordance with Government Accounting requirements.

We have noted a non-material difference from the previous year's register, which we have referred to the Clerk for review.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation.

Investments and Loans

The Council has no funds in investments, with all cash balances held in the Council's bank accounts. No loans are in existence either repayable by or to the Council.

Statement of Accounts and AGAR

We have reviewed the content of the financial data reported at Section 2 of the year's AGAR agreeing it to the underlying financial records.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation.

Action Plan

Rec. No.	Recommendation	Response
	No recommendations made	