Southery Parish Council

Internal Audit Report
Financial Year 2024/25

Prepared by Sonya Blythe
2 June 2025

I have completed an internal audit of the accounts for Southery 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?	Yes (Scribe accounts)
	Is the cashbook arithmetically correct?	Yes
	Is the cashbook regularly balanced?	Yes
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Yes
	Date Standing Orders last reviewed	May 24 minutes
	Date Financial Regulations last reviewed	May 24 minutes
	Has a Responsible finance officer been appointed with specific duties?	Yes, Clerk is RFO
	Are payments in the cashbook supported by invoices, authorised and minuted?	Payments matched from invoice to bank statement, and minutes where possible. Payments not included within minutes for latter part of year.
	Has VAT on payments been identified, recorded and reclaimed?	VAT accounted for on Scribe. No claim in 2425 due to log in issues, currently being worked on
	Is s137 expenditure separately recorded and within statutory limits?	Separate cost code on Scribe
	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?	No
	Do minutes record the council carrying out an annual risk assessment or review of their risk management scheme?	No – see note. Last assessment April 23
	Is insurance cover appropriate and adequate?	Liability and fidelity cover in place

Internal control	Test	Observations
	Are internal financial controls documented and regularly reviewed?	No separate document in place
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 – December 24 minutes
	Has the precept been calculated from the budget and been approved?	24/25 – recorded as £26,364.36 2526 – recorded as £31,205.87
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	Yes – accounts report at each meeting
	Are there any significant unexplained variances from budget?	No
Income controls	Is income properly recorded and promptly banked?	Yes
	Does the precept recorded agree to the Council Tax authority's notification?	Statement £26,364.36 Remittance – not available
Petty cash procedures	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
	Is petty cash reimbursement carried out regularly?	N/A
Payroll controls	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
	Are salaries above the National Living Wage/Minimum Wage?	Yes November - national pay award implemented
	Are other payments to employees reasonable and approved by the council?	Yes

Internal control	Test	Observations
	Have PAYE/NIC been properly operated by the council as an employer?	P45 and P60 supplied for staff. HMRC accounted for on payslips.
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?	November 24 minutes
	Do asset insurance valuations agree with those in the asset register?	Yes
Bank reconciliation	Is there a bank reconciliation for each account and is this reported to council?	Yes
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes, most meetings
	Are there any unexplained balancing entries in any reconciliation?	No
	Is the value of investments held summarised on the reconciliation?	N/A
Year-end procedures	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?	AGAR – £41,680 Statements - £41,494.29 (£186 unpresented)
	Has a year-end bank reconciliation been undertaken?	Reconciliation - £41,680.29 (£41,494.29 with £186 unpresented cheques)
	Is there an audit trail from underlying financial records to the accounts?	Yes, cashbook matched to bank statements
	Where appropriate, have debtors and creditors been properly recorded?	N/A
Procedural	Is eligibility for the General Power of Competence properly evidenced?	N/A
	Have points raised on the last Internal Audit report been considered by council and actioned?	None raised
Transparency: For smaller councils	Minutes for whole year on website?	Yes

Internal control	Test	Observations
with turnover under £25,000	Agendas for whole year on website?	Yes
	Payments over £100 detailed on website?	Yes
	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?	Yes
	Have fees for the cemetery been reviewed and agreed by Council?	Yes, March 25 minutes
	Have burial books been kept up to date and are they safely stored?	Paper copies held by Clerk. Currently uploading to Scribe
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
	Has the Council been named as Sole Trustee on the Charity Commission Register?	N/A
	Are the Charity meetings and accounts recorded separately from those of the Council?	N/A
ICO	Is Council registered with the Information Commissioners Office?	Yes, payment February 25 bank statements

Internal control	Test	Observations
General Data Protection Regulations	Has the Council adopted a Data Protection Policy?	Yes published on website, was due review May 24 – see note
	Has the Council put in place Privacy Notices?	Yes, published on website
Other		N/A

Thank you to Lolly for supplying everything.

- 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 noted that you provide Council with regular spend against budget information

- I have reviewed the AGAR against your year-end bank reconciliations and your accounts

Notes / recommendations for 25/26:

Explanation for “no” responses:-

Assertion C of the internal report states: “This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these”. Whilst you do have insurance in place, unfortunately you did not review either your general or financial risk assessments in the financial year and therefore I have had to tick no to the statement.

General:-

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.

Your General Data Protection Policy was due to be reviewed in May 2024. This should be completed as soon as possible.

Regulation 4 of the Accounts and Audit Regulations, 2003 as amended, imposes a duty on local councils to ensure “that the financial management of the body is adequate and effective and that the body has a sound system of internal control”. Local councils are required, at least once a year, to conduct, in accordance with proper practices, a review of the effectiveness of its system of internal control. In order to meet this requirement you may find it helpful to produce an Internal Controls policy, to follow. This is usually a more indepth version than the Financial regulations of how you manage your day to day banking, accounts, payroll and financial controls, to further manage financial risks.

Accounts:-
-Payments should be recorded within the minutes for full transparency to parishioners. This also allows a clear trail for checking payments when completing the internal audit.
-When setting the budget, the Band D precept amount should also be minuted, for full transparency to parishioners.
-VAT has not been claimed within the year due to an issue with the HMRC log in. Once this is remedied, the claim should be submitted as soon as possible.

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Sonya Blythe
Internal auditor