

Internal Audit Report

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

Name of council:	Sandon Parish Council		
Name of Internal Auditor:	James Parker	Date of report:	5/4/2025
Year ending:	31 March 2025	Date audit carried out:	Dec 2024, Jan 2025, 5/4/2025

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:

Introduction

As requested I have examined the operation and accounting of the Council and make the following comments, with reference to guidance for Internal Audit provided in the Practitioners Guide 2024. This report should be read in conjunction with the attached certificate (page 3 of the AGAR) which represents my assessment of the extent to which the Council has met the specified internal control objectives. I can confirm that the Clerk has been given the opportunity to comment on a draft of this report to minimise the risk of factual misunderstandings.

I am required to assess, for each objective, whether 'in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.' The Council should be aware that, where I make comments below but nevertheless give a 'yes' answer to the related control objective, I have given the 'yes' answer on the basis that I consider that the objectives are met in all *significant* respects and/or to a standard *adequate* to meet the needs of the authority. This is somewhat subjective and the Council should consider, when assessing any risk referred to in my comments, that others may take an alternative view.

This report should also be read in conjunction with guidance laid out in The Practitioners' Guide 2024.

Section 1, 2 and 3 of the guide represents the proper accounting and governance practices ('proper practices') referred to in statute.

Section 4 of the guide sets out the non-statutory, best practice, guidance relating to internal audit which authorities are required to consider.

Section 5 of the guide provides supporting information and practical examples to assist smaller authority officers to manage their governance and financial affairs and is not mandatory.

By using this guide to refer to the proper practices referred to in statute, and considering the non-mandatory guidance, you can ensure that the systems and procedures you have in place are robust and offer a secure framework of governance and accountability.

These comments and the attached certificate will inform the authority's response to Assertion 2 and Assertion 6 in the annual governance statement.

General

It is clear from inspection of records presented to me, discussion with the Clerk and inspection of the Council's website, that the Council's business is generally well managed and recorded, with high standards applied. The documentation, both on the website and in terms of the submissions made in response to audit questions was, for the most part, well organised and the Clerk was quickly able to respond to questions. However there are a small number of areas of concern, where I believe that the Council must consider taking action; these are identified below.

A. Appropriate accounting records have been kept throughout the Year & Periodic bank reconciliations were properly carried out during the year (Yes)

B. The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for. (Yes)

It is noted that, at the time of the initial audit, VAT paid for some of the purchases had not been recorded in the ledger. It is further noted that this has been rectified at the time of the final phase of the audit in April 2025.

C. The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these. (YES)

It is noted that the uncertainty in status of the Village hall, referred to in the 2023-2024 audit, has been resolved. It is now established that the Council holds the freehold as custodian trustee not as beneficial owner and the management is undertaken by managing trustees.

I am advised that monthly playground inspections are carried out by a trained councillor; however the records for September 2024-Jan 2025 appear not to be available. The Council should be aware that, should an incident occur, one of the first demands will be to produce inspection reports and, if these are not available, it is highly likely that the Council will be unable to defend its position and will thus be held liable. This risk can be mitigated by ensuring that reports are always produced and logged promptly.

D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate. (YES)

The statutory process for determining the precept is set out in the Local Government Finance Act 1992 Section 49A1. This specifies the matters that must be considered, how they are to be applied, and the formula for calculating the precept

Although the format of the budget (in contrast to the previous year) now clearly sets out the reserves position, it still appears that the precept was an input to not an outcome from the calculation. Furthermore the budget was not attached or linked to the agenda or minutes as published and the figures approved are not recorded in the minutes themselves. Whilst this is undoubtedly an improvement on the position in 2023/2024, members and officers are again reminded that the precept, set by the Council, is a compulsory tax which must be paid, and for which non-payment may attract a custodial sentence. It is thus incumbent upon the Council to be able to demonstrate that the rate of taxation was determined transparently by a robust method, as set out in the legislation referred to.

On the grounds that I can find no evidence to suggest that the outcome would have differed materially had these deficiencies been addressed, I am responding 'yes' to this assertion however others may take a different view particularly if the remaining deficiencies carry over for future years.

E. Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for (YES)

F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for (n/a)

It is understood that petty cash is not in use. This section has therefore been marked 'not covered'.

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)

H. Asset and investment registers were complete and accurate and properly maintained. (Yes)

I. Periodic bank account reconciliations were properly carried out during the year.

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 (Yes)

1 <https://www.legislation.gov.uk/ukpga/1992/14/section/49A>

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)

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)

It is noted that minutes of Council meetings refer to documents (background papers) which are linked to not incorporated within the parent document. Whilst this meets the requirements of the legislation, it does not ensure that the record is robust with time. Websites and documents therein get moved and, unless links are maintained, which is unlikely, they eventually fail as a consequence. The Council is encouraged to consider embedding background papers with the agenda and/or agenda instead of lining to them so that the long term integrity of the record is ensured. Free to use software is available which allows this operation to be performed easily and quickly.

M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (Yes)

N. The authority has complied with the publication requirements for 2023/24 AGAR (Yes)

O. Trust funds (including charitable) – The Council met its responsibilities as a Trustee (Yes)

It is noted that the uncertainty in status of the Village hall, referred to in the 2023-2024 audit, has been resolved. It is now established that the Council holds the freehold as custodian trustee not as beneficial owner and the management is undertaken by managing trustees.

Yours sincerely,

James Parker
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