

Crudwell Parish Council

Internal Audit Report 2024-25

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Background

Statute requires all town and parish councils to arrange for an independent Internal Audit (IA) examination of their accounting records and systems of internal control. The results of our work and a summary of the Council's accounts is reported each year in the Annual Governance and Accountability Return (AGAR).

This report sets out the work undertaken in relation to the 2024-25 financial year, which has been undertaken on site at the offices of Malmesbury Town Council on 7th May 2025 together with preliminary and subsequent work at our own offices. We thank the Clerk for enabling the process, providing all necessary documentation in electronic and hard copy format to facilitate completion of our review.

Internal Audit Approach

In undertaking the year's review, we have again 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 remain 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 'IA Certificate' in the AGAR which requires independent assurance over a range of specified internal control objectives.

Overall Conclusion

We have concluded that, based on the satisfactory completion of our annual programme of work, the Clerk and Council have again maintained satisfactory and effective internal control arrangements. Consequently, we have completed and signed the 'IA Certificate' in the year's Form 3 AGAR assigning positive assurance in each relevant area.

We take this opportunity to remind the Clerk of the requirements of the guidance notes in the preface to the year's AGAR in relation to the documentation that should be displayed on the Council's website, together with the need to ensure compliance with the timing requirements for publication of the Notice of Public Rights to examine the Council's documentation for the financial year.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

The Clerk has again maintained the year's accounting records in spreadsheet format, detail of which feeds into the year-end financial report at Section 2 of the AGAR. Given their low volume, we have verified detail of all transactions for the year as recorded in the cashbook to the Lloyds' current and deposit bank account statements, also verifying the accuracy of the brought forward balances at 1st April 2024 to the prior year's closing balances.

We have also checked and verified the accuracy of the bank reconciliation at 31st March 2025, also agreeing that value to the AGAR disclosure at Section 2, Box 8.

Conclusion

We are pleased to report that no issues have been identified in this area this year warranting formal comment or recommendation.

Review of Corporate Governance

We have examined the Council minutes for the financial year, as posted on the website and / or provided electronically by the Clerk, to determine, as far as we are reasonably able to ascertain as we do not attend meetings, whether or not any issues exist that may have an adverse effect, through litigation or other causes, on the Council's future financial stability, also that the Council has not undertaken nor is planning to undertake any work or make decisions that may result in ultra vires spending. We are pleased to record that no such issues appear to exist at present or to be developing.

We note that the Council reviewed and re-adopted its Standing Orders (SOs) in May 2024 based on the NALC model. We also note that the subsequent 2024 revised NALC model Financial Regulations (FRs) were adopted in June 2024. In examining the latter document, we note that a limit for formal tender action is recorded as £60,000 at Para 5.6 (as per the NALC model). However, the Council's SOs record a tender value of £25,000 at Para 18.a.v. We consider that the latest NALC model tender value, whilst appropriate for the larger councils nationally, is too high for a Council the size of Crudwell and urge that the FRs value be aligned to that in the extant SOs. We also take this opportunity to advise the Council that NALC has only, in the last couple of weeks, issued further updates to the two model documents and suggest that, when the Council next reviews and updates its extant documents, they are brought into line with the latest models, although as above, we suggest that the tender level be again set at £25,000 in both documents.

We note that the external auditors signed off the 2023-24 AGAR with an adverse comment in relation to the absence of detail recording of the minute(s) approving the Governance and accounting statements in Section 3: (if the auditors had looked at the website, they would have found the approving minutes (nos. 104 & 105) in the May 2024 meeting minutes). Notwithstanding that, care should be taken to ensure that, when completing the 2024-25 AGAR, all required information is recorded in the AGAR prior to its submission to the external auditors.

Conclusions and recommendation

No significant issues arise in this area this year, although we urge that the value for formal tender action in the 2024 and any future adopted FRs be brought into line with the adopted SOs and set at £25,000.

R1. The Council should ensure that a consistent value for formal tender action is recorded in the Standing Orders (SOs) and Financial Regulations, ideally at a maximum of the £25,000 currently recorded in the SOs.

Review of Expenditure and VAT

Our objective in this area is to ensure that the Council has appropriate arrangements in place to monitor and control the incurring of expenditure and for the approval and authorisation of payment release. We note that payments during the year are being made online with a few direct debits with details of individual payments also recorded in the minutes posted on the website.

We have reviewed, due to their relatively low number and clarity of filing, all payments made during the year to ensure that they were supported by an appropriate invoice and are pleased to confirm appropriate compliance. We are also pleased to note that invoices continue to be stamped and signed by two councillors confirming approval for payment, also noting that they are allocated sequential numbers during the year with those numbers also recorded on the processed invoices, thereby providing a clear cross-reference.

We have also ensured that VAT as recorded on invoices has been recorded in the cashbook appropriately with two half year reclaims prepared. In checking the detail, we note that the £5.00 VAT on payment ref. 19 has been overlooked when entering data in the cashbook.

Conclusions and recommendation

No significant issues arise in this area this year with all payments appropriately supported.

R2. When preparing and submitting the next half-yearly VAT reclaim, the overlooked £5.00 VAT on invoice ref. 19 during 2024-25 should be added to the reclaim.

Assessment and Management of Risk

The Governance and Accountability Manual requires all councils to consider, develop and adopt formally at least once annually a suitably designed financial risk assessment register. We note that the Council has an appropriate document in place covering financial and management risks, with the document reviewed and re-adopted at the Council meeting in March 2025. We have reviewed the resultant document and consider that it remains appropriate for the Council's present requirements.

We note that the Council's insurance cover is provided by Zurich Municipal with Public Liability & Employer's liability cover in place at £12 million and £10 million respectively, together with Fidelity Guarantee cover at £50,000. Appropriate cover is also provided for the Council's equipment.

We note that the play area is subject to periodic independent safety inspections.

Conclusions

As in previous years, we consider that the Council has appropriate arrangements in place for the identification and management of potential risks.

Budgetary Control and Reserves

We aim in this area to ensure that the Council has appropriate arrangements in place for determining its annual budget and precept requirement, whilst monitoring spend during the year against the approved budget, and that appropriate reserves are in place to meet ongoing revenue spending and any planned development aspirations.

We note that, following due deliberation, the Council agreed the budgetary and precept requirement for 2025-26 setting the latter at £17,640 at the January 2025 full Council meeting. We are also pleased to note that the Council receives appropriate financial information during the year.

We note that the combined account balances at 31st March 2025 have increased to £30,092 (£24,134 at the prior year-end) with a raft of earmarked reserves in place. We take this opportunity to remind the Clerk and Council that generally accepted guidance suggests that the residual General Reserve balance should be held at between three- and twelve-months' revenue spending, which would equate to between £5,000 and £6,000 based on the usual level of revenue spending in previous years.

Conclusions

No issues arise in this area warranting formal comment or recommendation.

Review of Income

The Council receives, in addition to the annual precept, income from bank interest, grants and donations, allotment rents and recoverable VAT. Consequently, we have, as indicated earlier in the report, agreed all income received during the year to the supporting bank statements.

The Council manages an allotment site with an appropriate schedule of tenants maintained. We have reviewed that schedule noting that two tenants had still to pay their rent at the year-end, one of whom is hoping to retain a half-plot only. The Clerk is aware of these and is taking appropriate action to ensure recovery of the rents due to the Council.

As referred to earlier in this report, we have also reviewed the two VAT reclaims prepared and submitted to HMRC during the year with only one minor oversight noted.

Conclusions

We are pleased to record that no issues arise in this area warranting formal comment or recommendation.

Petty Cash Account

The Council does not maintain any form of cash float or petty cash account with any out-of-pocket expenses incurred, reclaimed and paid accordingly in line with normal trader payment procedures.

Review of Staff Salaries

We note that the Council continues to use an external payroll bureau to process the Clerk's monthly salary and any tax or NI deductions arising. We have reviewed a sample of three months' payslips during the year including that for October 2024 (paid in November) when the 2024-25 national pay award was implemented together with arrears backdated to 1st April 2024 with no issues arising.

We are also pleased to note that the Clerk's "home working allowance" has correctly been excluded from the Staff Costs value to be recorded in the AGAR at Section 2, Box 4, being correctly included at Nox 6.

Conclusions

No issues arise in this area warranting formal comment or recommendation.

Fixed Asset Registers

The Governance and Accountability Manual requires all councils to maintain a record of its stock of assets. We are pleased to acknowledge the continued existence of an appropriate register, which has been updated to include the cost of new items acquired during the year. Consequently, the AGAR value at Section 2, Box 9 has been uplifted by the net cost of those acquisitions.

Conclusions

There are no issues arising from this area of our review this year.

Investments and Loans

The Council has no funds in investments, other than the Lloyds deposit account on which a small amount of interest is received monthly.

Statement of Accounts and AGAR

The AGAR Section 2 now forms the statutory accounts of the Council subject to external audit review and certification. However, unlike recent years, the annual income in 2024-25 exceeds the £25,000 threshold and, consequently, the Council will have to submit a Form 3 AGAR to the external auditors for their review and sign off.

We have checked and agreed the financial detail for inclusion in the year's AGAR at Section 2 and have duly signed off the IA Certificate in a Form 3 AGAR assigning positive assurances in each relevant area.

Conclusions

We are pleased to record that no issues arise in this area this year and, as indicated above, have duly signed off the IA Certificate in a Form 3 AGAR assigning positive assurances in each relevant area.

Rec. No.	Detail	Response
Review of Corporate Governance		
R1	The Council should ensure that a consistent value for formal tender action is recorded in the Standing Orders (SOs) and Financial Regulations, ideally at a maximum of the £25,000 currently recorded in the SOs.	
Review of Expenditure & VAT		
R2	When preparing and submitting the next half-yearly VAT reclaim, the overlooked £5.00 VAT on invoice ref. 19 during 2024-25 should be added to the reclaim.	