

Nash Mills Parish Council

Internal Audit Report 2024-25

Prepared by Susan Cook

*For and on behalf of
Auditing Solutions Ltd*

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 and for the conclusions to be 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, during our visit for the year, which took place on 30th April 2025. We wish to thank the Clerk for assisting in the process, providing all necessary documentation to facilitate the conduct of our review for the year.

Internal Audit Approach

In undertaking our review, we have had regard to the materiality of transactions and their susceptibility to potential mis-recording or misrepresentation in the year-end Statement of Accounts / AGAR. Our programme of cover is designed to afford 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 'IA Certificate' in the Council's AGAR, which requires independent assurance over a series of internal control objectives.

Overall Conclusions

We are pleased to advise that, based on the work undertaken to date this year, the officer and the Council maintain adequate and effective internal control arrangements, the information provided on the website being particularly informative regarding the processes and controls in place by the Council. We are pleased to record that we have identified no issues warranting formal comment or recommendation.

We have duly completed and signed off the IA Certificate in the year's AGAR assigning positive assurances in each relevant area.

We take this opportunity to remind the Clerk and Council 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.

Review of Accounting Arrangements & Bank Reconciliations

Our objective here is to ensure that the accounting records are being maintained accurately and that no anomalous entries appear in cashbooks or financial ledgers. The Council operates Current accounts with Lloyds Bank and Nat West with the Lloyds Bank Current Account being used for its day-to-day transactions. Surplus funds are currently held in Nat West savings account, Nat West 35-day deposit account, Nat West 95-day deposit account, Lloyds Bank 32-day savings account and Lloyds 6-month deposit account. We have: -

- Ensured that an appropriate coding structure is in place in the RBS Rialtas Alpha accounting software;
- Ensured that the closing balances for 2023-24, as reported in the Statement of Accounts and AGAR for that year, have been correctly rolled forward as opening balances for 2024-25 in the Alpha software;
- Checked and verified all transactions for the year to 31st March 2025 in the Current account cashbook by reference to the supporting bank statements;
- Verified transactions on all other accounts for the year to 31st March 2025 by reference to supporting bank statements, etc;
- Noted that payments are made exclusively online or by Standing Order / Direct Debit, with the resultant removal of risk that cheques remain unpaid for any significant time; and

Reviewed and agreed detail of bank reconciliations on the Current Account as at 30th June, 31st October, 31st December 2025 and March 2025, to the cashbooks and bank statements, noting that they are checked, verified, and signed off by the Finance Lead at least quarterly during the year.

Conclusions

We are pleased to record that no issues have been identified in this area at this stage of our review warranting formal comment or recommendation.

Review of Corporate Governance

Our objective here is to ensure that the Council has robust corporate governance documentation and processes in place, that Council meetings are conducted in accordance with the adopted Standing Orders (SOs) and that, as far as we are reasonably able to ascertain, no actions of a potentially unlawful nature have been or are being considered for implementation.

We have examined the minutes of the Full Council meetings that have taken place during the course of the year to date to ensure that no significant issues affecting the Council's financial stability either in the short, medium or long term exist, noting that the Council attained Quality standard with the NALC (National Association of Local Councils) Local Council Award Scheme.

We are pleased to note that the Council adopted the new Model Financial Regulations (FRs) at the meeting in June 2024, the Standing Orders having been re-adopted in May 2024.

We note that the external audit report for 2023-24 has been signed off with no issues.

Conclusion

As the Standing Orders were adopted at the May 2024 meeting, the tendering limits were not updated to reflect those in the Financial Regulations, however we note that these have been amended and will be re-adopted by the Council at its next meeting.

Review of Expenditure & VAT

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- Appropriate controls are in place over the release of funds and that they accord with the adopted FRs;
- Payments are supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and / or an acknowledgement of receipt, where no other form of invoice is available;
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount;
- The correct expense codes have been applied to invoices when processed; and
- VAT has been appropriately identified and coded to the control account for periodic recovery.

We selected a sample of processed invoices for the year to 31st March 2024 including all payments individually in excess of £200, together with a more random selection of every 15th cashbook transaction, irrespective of value: our test sample comprises 26 individual non-pay related payments totalling £13,228 and equating to 45% by value of all non-pay related payments to the above date. Analysis of the debit card was included as part of our payment review.

We note that all invoices are stamped, initialled by the Clerk and two councillors providing clear evidence that members scrutinise invoices and other documentation supporting payments included on a "Payment List" also initialling these.

We reviewed the Council's Internal Controls Review of Adequate and Effective Systems Document, noting members direct involvement and consider the procedures in place appropriate for the Council's present requirements and which afford an appropriate level of financial control.

Finally, in this review area, we have checked and verified the quarterly VAT returns for 2024-25 ensuring agreement with the underlying detail in the Alpha nominal control account.

Conclusion

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

Review of Assessment and Management of Risk

Our aim here is to ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks identified in order to minimise the opportunity for their coming to fruition.

We are pleased to note that members had received, considered, and formally re-affirmed the Financial and Management Risk Register at the June 2024 meeting and again at the January 2025 meeting. We have reviewed the Financial and Management Risk document and consider it appropriate for the Council's present requirements.

We have examined the year's insurance schedule with Aviva through Clear Councils running until 31st May 2025 noting that Public & Employer's Liability stand at £10 million respectively, together with Fidelity Guarantee cover at £250 thousand, each of which we consider appropriate for the Council's present requirements.

We note that the Council is no longer responsible for any play areas.

Conclusion

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

Review of Precept Determination and Budget Control

We aim in this area of our work to ensure that the Council has appropriate procedures in place to determine its future financial requirements leading to the adoption of an approved budget and formal determination of the amount to be precepted on the Borough Council; that effective arrangements are in place to monitor budgetary performance throughout the financial year and that the Council has identified and retains appropriate reserve funds to meet future spending plans.

We are pleased to note that, following due deliberation, the Council formally adopted the 2025-26 budget and precept at the January 2025 meeting, setting the latter at £38,897.38

We are pleased to note that members receive regular budget monitoring reports through the year and have examined the year-end outturn with no unanticipated or unexplained variances existing warranting further enquiry.

We have considered the level of retained reserves at the financial year-end noting that they have increased to £99,083 (£95,112 at 31st March '24), with EMRs now standing at £66,495 (£66,008 at prior year-end). The residual General Reserve balance of £32,588 (£29,104 as at 31st March 2024) equates to approximately 6 months expenditure at the 2024-25 level and is considered appropriate for the Council's ongoing revenue spending requirements.

Conclusions

We are pleased to record that no issues have arisen from our work in this area warranting formal comment or recommendation.

Review of Income

In considering the Council's income streams, we aim to ensure that robust systems are in place to ensure the identification of all income due to the Council from various sources, and that effective procedures are in place to pursue recovery of any outstanding monies due to the Council. We note that, in addition to the Precept, the Council receives a grant from Dacorum Borough Council towards the cost of the Warden, investment interest, recovered VAT, and advertising in the Parish Magazine.

We note that the Council formally reviews advertising fees as part of the annual budget and precept setting exercise.

Conclusions

We are pleased to record that no issues have arisen from our work in this area warranting formal comment or recommendation.

Petty Cash Account

The Council does not operate a petty cash account.

Review of Staff Salaries

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 as regards the deduction and payment over of income tax and NI contributions, together with meeting the requirements of the LGPS.

The Council outsources production of its monthly payroll. We have examined the November 2024 payslip detail: -

- Ensuring that all staff gross pay for the month has been paid in accordance with the Clerk's record of individual's scale point and basic weekly working hours;
- Ensuring that tax and NI deductions / contributions have been calculated appropriately by reference to the relevant tax and NI tables;
- Ensuring that the correct percentage superannuation deductions have been applied where appropriate;
- Checking to ensure that, where overtime payments have been made, they are supported by appropriately certified time records and been paid at the appropriate enhanced hourly rate; and
- Verifying that the net salary payments for November 2024 have been made to staff appropriately and been recorded accurately in the accounting records.

Conclusion

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

Asset Registers / Inventories

The Practitioner's Guide requires all councils to maintain a record of all assets owned. We are pleased to note compliance with this requirement and have examined the Council's register in order to ensure that it has been updated to reflect any new additions and / or disposals in the year.

Where possible the registration/serial number should be recorded on the register. We note that these are recorded in some, but not all cases.

For clarity we also suggest that, when assets are disposed of the register value for those assets is adjusted to NIL with the disposal date recorded.

We are pleased to note that the Council has developed a photographic register of the assets held.

Conclusions

No issues of concern arise in this area of our review process.

Review of Investments and Loans

Our objectives here are to ensure that the Council is investing “surplus funds”, be they held temporarily or on a longer term basis, in appropriate banking and investment institutions; that an appropriate investment policy is in place; that the Council is obtaining the best rate of return on any such investments made; that interest earned is brought to account correctly and appropriately in the accounting records and that any loan repayments due to or payable by the Council are transacted in accordance with the relevant loan agreements.

As indicated in the first section of this report, we have verified detail of the investments in the various accounts holding “surplus” funds to 31st March 2025.

We have checked and agreed the receipt and recording of interest and dividends arising on these deposits to the Alpha cashbooks in the Alpha software and supporting bank statements.

We note that the Council reviewed and adopted the Investment policy at its meeting in June 2024.

Conclusions

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

Statement of Accounts and AGAR

We have examined the detail of the values reported in the year’s AGAR at Section 2 agreeing that detail to the underlying Rialtos Alpha financial records with no issues arising.

Conclusions

There are no issues in this review area warranting formal comment or recommendation and ask that, once adopted by the Council, we be provided with copies of the certified Governance and Financial Statements in the year’s AGAR in due course.

Based on the overall satisfactory conclusions drawn for our review work this year, we have duly signed off the IA Certificate in the year’s AGAR assigning positive assurances in each relevant area.