AUDITING SOLUTIONS LTD

Lydiard Millicent Parish Council

Internal Audit Report FY2024-25

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Consultant Auditor

For and on behalf of
Auditing Solutions Ltd

Background

Statute requires all town, parish and community 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 Annual Governance and Accountability Return**.**

This report sets out the work undertaken in relation to the Internal Audit process for the 2024-25 financial year which took place on the 6th of May 2025.

Internal Audit Approach

In concluding our review for the year, we have again had regard to the materiality of transactions and their susceptibility to potential mis recording or misrepresentation in the year-end Statement of Accounts / Annual Return. Our programme of cover is designed to afford appropriate assurance that the Council has appropriate and robust financial systems in place that 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 Annual Governance and Accountability Return process, which requires independent assurance over a number of internal control objectives.

Overall Conclusions

We report that, on the basis of the work undertaken to date in the current year, the Council is now operating robust, proportional and effective internal controls in all areas reviewed. Resultantly we made only two recommendations for improvement, during the 2024-25 financial year. These recommendations are included in the main body of the report and the associated Action Plan.

We take this opportunity to congratulate the new Clerk & RFO and note her efforts to continue to maintain the Council's governance, finance and administration functions to the required standards. We note that the Clerk & RFO has presented the requested electronic documentation and backup files required to complete this audit in an exemplary manner on a timely, secure basis, making the internal audit process straightforward.

Finally, we ask that Council Members consider the content of this report and acknowledge that the report has been formally reviewed and adopted by the Parish Council.

Review of Accounting Records & Bank Reconciliations

Our objective here is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in cashbooks or financial ledgers. We note that the Council uses the Rialtas Alpha accounting software package for local councils to maintain the accounting records, also noting that during the 2024-25 financial year the Council retained its funds one bank accounts and an investment fund as follows:

- Cashbook 2 – CCLA Public Sector Deposit Fund
- Cashbook 3 – Unity Trust Bank
- Cashbook 5 – Lloyds Charge Card
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We have noted the following: -

- Agreed the opening Trial Balance in the accounting software for 2024-25 financial year to the closing Trial Balance for the 2023-24 financial year to ensure that all the detailed balances have been properly brought forward;
- Noted that quality of data entry in all the Council's Cashbooks, (2, 3 and 5) is of a generally high quality;
- Checked and verified the detail of the transactions recorded on the CCLA PSDF account (Cashbook 2) and the Unity Trust Bank account (Cashbook 3) and the Lloyds Charge Card account (Cashbook 5) to the supporting bank statements for April, June and December 2024 and March 2025;
- Checked and verified the detail on the 31st of March 2025 bank reconciliations on the CCLA PSDF account (Cashbook 2) the Unity Trust Bank account (Cashbook 3) and the Lloyds Charge Card account;
- Noted that the Members have continued to maintain a Financial Accounts checking team, which pay detailed scrutiny to the Council's quarterly accounts; and,
- Considered the appropriateness and security of the controls over software systems back-up, noting that the Council's email system is managed and backed up by an external IT consultancy: Datacenta. The Council's computer system including Rialtas is all managed and backed up by Microshade.

Conclusion

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

Review of Corporate Governance

- Noted that Council received an unqualified External Auditor's report for the 2024-25 financial year;
- Noted that the Council remains ineligible to adopt the General Power of Competence due to the lack of unelected members;
- Reviewed the Minutes of the Full Parish Council for the full financial year to the 31st of March 2025 to ensure that no issues affecting the Council's financial stability either in the short, medium or long term exist, noting that improvements in the referencing of the Council's Minutes would be beneficial;

- Noted that the Parish Council reviewed and re-adopted its Standing Orders and Financial Regulations at its 02nd of May 2024 Annual Meeting under Minute Reference 24/005, and 24/006 respectively. Both documents are based on NALC model documents;

- Noted that the Financial Regulations were reviewed a further two times during the 2024-25 financial year, lastly during the 09th January 2025 meeting of the Parish Council under Minute reference 24.206;

- Noted that the Parish Council maintains a comprehensive official website, which as far as can be ascertained is fully compliant with the prevailing Accessibility legislation and is easy for visitors to use with information readily accessible. Since our last review, the website has been extensively updated and is content rich. The website is published at https://www.lydiardmillicent-pc.gov.uk/ ;

- Noted that the Parish Council correctly provided the proper opportunity for the Exercise of Public Rights in accordance with the requirements of the Accounts and Audit Regulations for the examination of the 2023-24 financial year financial statements and supporting documents. The Notice of Exercise of Public Rights was, (and remains), published on the Council's website under the FY2023-24 'Finance' hyperlink: Notice of EoPR FY2023-24 and was prominently displayed on the Council's noticeboards. The published Notice records an announcement date as the 21st of June 2024, with a commencement date of the 25th of June 2024 and a conclusion date of the 05th of August 2024; a period of exactly 30 days including the first 10 working days in July;

- Noted that the Notice of Conclusion of Audit, dated the 30th September 2024 has been published on the Council's website under the FY2022-23 'Finance' hyperlink: Notice of Conclusion of Audit FY2023-24 and was displayed on the Council's noticeboards;

- Noted that the Council continues to retain the professional services of Peninsula, via Business Safe in relation to its Risk Management and Risk Assessment requirements; and,

- Noted that the Council has taken reasonable steps to ensure continued compliance with the General Data Protection Regulation (GDPR) including maintaining registration with the Information Commissioners Office and the provision of dedicated email addresses for the Council's Officers and Members.

Conclusion and recommendation

Our review of the minutes of Full Council for the full year provided clear evidence that the Council's Minutes were not referenced to Best Practice standards the following reasons:

1. ***Multiple examples of agreement, noting or acceptance without formal Resolution or record of Actions to be taken;***
2. ***Multiple items of business routinely conflated underneath a single Minute reference with no unique identification;***
3. ***Documents accompanying the Agenda were not properly identified in the Minutes; and,***
4. ***Ineffective reporting of financial matters - a lack of specificity.***

Recommendations

The Approved and Published Minutes of a Council are the Legal Record of all the Council's Business. As such, it is important that the person holding the position of the proper officer, and/or the person responsible for creating the Agenda, Agenda Pack and drafting the Minutes for Approval understands how both should be constructed and the Minutes of a meeting recorded:

R1. Items of business resolved under a full Minute reference should each be uniquely referenced for ease of identification: 002/25 (a), (b), (c) for example.

R2. All matters pertaining to financial decisions <u>must</u> record an associated Resolution against a unique reference using specific language, without ambiguity. For example:

FINANCIAL MATTERS

(a) Members Received and Approved the Bank Reconciliation statements for the Unity Trust Bank current account as at the 31st of March 2025 with a closing balance of £xx.xx
(b) Members Received and Approved the Bank statement for the Unity Trust Bank current as at the 31st of March 2025 with a closing balance of £xx.xx
(c) Members Received and Approved the Schedule of Payments reference SoP/12/2024-25, to the 31st of March 2025 attached as Appendix 'A', in the amount of £xx.xx, and initialled the corresponding payment documents, including invoices as having been Approved.
(d) Members Received and noted the Schedule of Receipts to the 31st of March 2025 as recorded, in the amount of £xx.xx, and initialled the corresponding receipts;
(e) Members received and noted the Clerk & RFO's Budget vs. Actual report to the 31st of March 2025.

Review of Expenditure

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- Payments are supported by suitable 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 heading codes have been applied to invoices when processed; and,
- VAT has been appropriately identified and coded to the control account for periodic recovery.

We have conducted a detailed examination of a sample of non-salary related payment documents made by the Council in the 2023-24 financial year, with the selection criteria of every payment in excess of £1,000 and every 25th payment irrespective of value. A total of 38 payment documents, with a total value of £67,859.40, and equating to approximately 63.8% of all non-payroll related payments was checked and verified. There was clear evidence of both Clerk & RFO and Member scrutiny applied to each document, in full compliance with the Council's adopted Standing Orders and Financial Regulations.

We have noted that there was a single formal tender process undertaken during the 2024-25 financial year. The tender process was managed correctly and in full compliance with the Council's Financial Regulations with the Request for Tenders being advertised on the Government's procurement portal 'ContractsFinder' on the 11th of November 2024. Members Resolved to Award the Contract to the vendor issuing Response to Tender 'C', during the 23rd of January 2025, under Minute reference 24/228

Finally, in this area of review we note that the Council submits a single VAT reclaim for the prior financial year, each year. The VAT reclaim prepared for the 2024-25 financial year, in the amount of £10,612.39 was in the process of being submitted as at the date of this year-end Internal Audit. We confirm that this balance has been disclosed under 'debtors' on the year-balance sheet supporting the FY2024-25 Accounting Statements. We also note that the disclosed charge card balance as at the 31st of March 2025 was zero, satisfying the requirements of JPAG the Practitioners Guide.

Conclusions

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

Review of Assessment & 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 to minimise the opportunity for their coming to fruition.

We note that the Council continues to demonstrate a robust and proportionate approach to Risk Management, utilising the retained the services of Peninsula, via Business Safe for the provision of Health and Safety Advice. The Council has a Risk Management Policy in place and has adopted a detailed Finance and Health & Safety Risk Register which is reviewed and amended from time to time during the financial year.

We also note that the Council undertakes specific Risk Assessments for areas of critical risk on a case by case basis, for example; the Fire Risk Assessment which was undertaken at the Jubilee Club House, Risk Assessments at the Council's play area and recreation ground. Members last reviewed and readopted the Council's Health & Safety Risk Register during the 13th of March 2025 meeting of the Full Parish Council under Minute reference 24/259.

The Council continues to place its insurance requirements with Ansvar Insurance, a business division of Ecclesiastical Insurance Office plc, under policy number ACY 2381667 has a period of cover of the 1st of June 2024 to the 31st of May 2025. The key features of the policy's schedule are:

Employers Liability	£10,000,000
Public Liability	£10,000,000
Trustees' & Directors' Liability	£1,000,000
Legal Expenses	£250,000
Libel & Slander	£100,000
Fidelity Guarantee	£25,000
All Risks	£14,150
Personal Accident	£15,000
PR Crisis – any incident	£5,000

We consider this level of cover appropriate for the Council's immediate and ongoing requirements.

Finally, in this area of review, we note that the Council is responsible for the management and maintenance of the Jubilee House/Meadow Springs Play Area and Recreation Ground which contains football and cricket pitches.

The Council is responsible for the Jubilee House/Meadow Springs Play Area and Recreation Ground which contains football and cricket pitches which are managed under the Council's Play Area Management Policy originally Adopted by Members during the 2022-23 financial year and reviewed annually thereafter. We note that the Clerk & RFO and Members continue to respond to any deficiencies identified in the annual independent play are inspection report which is conducted by RoSPA Play Safety Ltd.

The Council's published minutes confirm that Members pay close attention to Health & Safety aspects of its recreation facilities on an ongoing basis. The Clerk & RFO also informs us that representatives of the football and cricket teams check the pitches for issues before matches begin and report any defect to her via e-mail.

Conclusion

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

Review of Precept Determination & Budgetary Control

Our aim here is to ensure that: -

- The Council has undertaken a budget determination exercise, which forms the basis of the annual Precept request from the parent Council;
- The Council has received monthly reports identifying the budget position throughout the year, the accuracy of these are also reviewed during the Audit Committee meeting;
- The Council has formally approved the establishment of specific reserves; and,
- The utilisation of reserves and the return of unused balances to the General Fund are reported to the Council on a monthly basis.

We note from the Council's published Minutes, and the supporting documentation provided by the Clerk & RFO, that the Council conducted a detailed budget setting and Precept determination process for the 2025-26 financial year. The Council's Minutes confirm that a series of budget and reserves reviews were undertaken during the Council's October, November and December 2024 meetings. Subsequently Members Resolved to establish the Precept for the 2025-26 financial year, in the amount of £67,055 (*£64,151 prior-year*), at the 09th of January 2025 meeting of the Full Parish Council, under Minute reference 24/207. This increase equates to an annual Council Tax for a Band 'D' property in the amount of £85.49, an increase of £3.75, equivalent to 4.58%, above the prior year.

We note that the Council held nine formally established Earmarked Reserves (EMRs) as at the 31st of March 2025. We have reviewed the level of these reserves noting an opening balance of £61,566.61, net in-year transfers of -£34,506.87 resulting in a closing balance of £27,059.72. The EMRs are recorded in the Rialtas Alpha accounting software and that all the Council's payments are made from the appropriate reserve fund, at the instruction of the Members.

The Clerk & RFO has advised us that the EMRs have been further reviewed with Members to ensure that they are replenished, by virement, to meet the Council's budgetary requirements for the 2025-26 financial year.

We have checked and verified the closing balances for the 2024-25 financial year, noting that the Council held total reserves as at the 31st March 2025, in the amount of £80,965.61 (*£112,224 prior-year*), of which £27,059.72 (*£61,566.61 prior-year*) were held in Earmarked leaving a residual General Reserve fund of £53,906 (*£50,657 prior-year*) equating to approximately 5 months' reserve based on the average monthly 2024-25 level of expenditure, sitting comfortably within the upper range of the generally accepted guidance of the Chartered Institute of Public Finance and Accountancy (CiPFA), that smaller authorities should retain between 3 and 6 months of General Reserve fund based on prior year expenditure. We have noted the Clerk & RFO's comments regarding the further virement of General Reserve funds into EMRs to meet the Council's budgetary requirements for the 2025-26 financial year and consider the level of retained funds appropriate for the Council's immediate and ongoing requirements.

Finally, in this area of review we have noted the year-end out-turn and examined significant variances in excess +/- of 15% of budget. The Clerk & RFO's variance report contained satisfactory explanations for each variance recorded.

Conclusion

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

Review of Income

In this area of our review, we aim to ensure that income due to the Council is identified, invoiced (where applicable) and recovered at the appropriate rate and within a reasonable time scale. Additionally, that all physically received funds are banked promptly in accordance with the Council's Financial Regulations.

We have noted that the Council no longer receives cash payments for its services.

We note that other than the Precept, the Council derives income from a number of sources which include the following:

- Cemetery Fees
- Football Fees for field hire
- Cricket Fees for field hire
- Fees for hire of meeting room
- Fees for field hire
- Rural Payments Agency (RPA) Fees re: Lydiard Plain
- VAT reclaims
- Bank interest
- Occasional Grant and Donations

We have noted that the Council has met its duty to review its fees during the financial year, Resolving its Cemetery and General fees for the 2024-25 financial year at the 9th of November 2023 meeting of the Full Parish Council under Minute reference 23/110 and 23/111 respectively.

We have checked and verified that the Council's fees have been correctly published on its website and reviewed the Council's Adopted Terms and Conditions of Hire with no matters arising.

We have reviewed the following income streams for months of April, June, September and December 2024 and March 2025 as follows with no matters arising:

- Checked & Verified the receipt of the RPA payment in respect of Lydiard Plain;
- Checked & Verified the Junior Football fees;
- Checked & Verified the Cricket fees; and,
- Checked & Verified the Meeting room fees.

With regards to the Cemetery and Memorial fees, we have confirmed all receipts for the 2024-25 financial year have been recorded correctly, and the associated interment and memorial charges levied correctly with eight interments being recorded in the Register.

Finally, in this area of our review, we have noted that the Clerk & RFO has concluded her efforts recover the outstanding income that had not been correctly collected under the tenure of her predecessor and that this matter has now been closed.

It is our opinion that, as far as we are reasonably able to ascertain, all other income due to the Council has been received and recorded appropriately.

Conclusion

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

Review of Petty Cash Account

Lydiard Millicent Parish Council does not operate a Petty Cash account. The Clerk & RFO and Members purchase items and seek reimbursement of funds, via expense claims which are subject to the same scrutiny as all other payment documents.

The Clerk & RFO has advised us that the multi-use (charge) card, from the Unity Trust Bank, to enable the Council to make online purchases has been in use from July 2023.

The Review of charge card transactions was conducted, along with all other payments, under our Review of Payments.

Conclusion

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

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 HM Revenues and Customs (HMRC) legislation as regards the deduction and payment over of income tax and NI contributions, together with meeting the requirements of the local government pension scheme, as last amended with effect from 1st April 2018 in terms of employee contribution percentages. To meet that objective, we have:

- Noted that there has been one staff change during the 2024-25 financial year to the 31st of March 2025 with a new staff member joining the Council;
- Noted that the Council payroll administration remains outsourced to DM Payroll Services;
- Checked and verified the payroll reports for the financial year from the 1st of April 2024 to the 31st of March 2025 with no matters arising;
- Noted that Tax and NI deductions have been paid to HMRC in a timely manner, monthly in arrears;
- Noted that an Administrator was employed to cover the Clerk & RFO's bereavement leave and was able to claim variable pay for overtime, which as in all cases, was approved by Members prior to the payroll figures being submitted to DM Payroll Services for processing. The Clerk & RFO has stated that this is not normal practice; and,
- Noted that the Council is properly enrolled in the NEST Pension Scheme, but that all employees were 'opted out' during the 2024-25 financial year

Conclusion

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

Review of the Fixed Asset Register

The Governance and Accountability Manual requires all councils to maintain a record of all assets owned. We note the Council's compliance with this requirement; the Clerk maintains and manages an appropriate register with values identified both at cost price or, when unknown, at the best approximation thereto, together with the annually uplifted insurance value to assist with budgetary planning for future replacements.

We have noted that the Council currently maintains its Fixed Asset Register in a basic Microsoft Excel spreadsheet.

We have noted that the Council was instructed by the External Auditor, upon the submission of the 2023-24 AGAR, to 'Restate' the purchase value, rather than to adjust the insurance value of the Jubilee Club Hall on the Fixed Asset Register. This instruction was as a result of the outgoing Clerk & RFO's statement contained within the 2023-24 Variance Report. The Clerk's Statement was as follows:

> *"Following an insurance claim the building owned by the Council was surveyed by a loss adjuster, on his advice and that of our insurance company the amount was amended on the Asset Register from £170,000 to £330,604 = £160,604."*

Resultantly, we have reviewed the Council's Fixed Asset Register (FAR) value stated as at the 31st of March 2025 in accordance with this 'Restatement':

1. Original FAR value stated as at the 31.03.24 - £307,170.00.
2. Restated FAR value, at External Auditor's instruction, as at the 31.03.24 - £467,774.00.
3. FAR value stated as at the 31.03.25 £467,774.00 in line with in-year acquisitions.

We have checked and verified that this value has been correctly reported in the Accounting Statements at Box 9 of Section 2 and have updated our permanent Annual Return records accordingly.

Conclusion

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

Review of Investments & 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 appropriate loan agreements.

We noted that the Council has a formal Investment Policy in place.

The Council holds its funds a Unity Trust Bank current account We have verified the 31st of March 2025 account balances with reference to electronic copies of the prime supporting documentation and the disclosed balances in the corresponding account reconciliations. We have also noted that the funds retained in these accounts, being less than £85,000 are fully protected by the Government's Financial Services Compensation Scheme.

The Council holds surplus funds in a CCLA Public Sector Deposit Fund account. We have verified the 31st of March 2025 account balance with reference to an electronic copy of the account statement and the disclosed balances in the corresponding account reconciliation and agreed the dividend reinvested in the account has been properly recorded.

The Clerk & RFO has certified that Council has no loans, either owed, or let by it.

Conclusion

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

Statement of Accounts and Annual Return

The Council's Rialtas accounting system automatically generates the Management Accounts, Balance Sheet, Trial Balance, Income & Expenditure Accounts and Reserves reports as part of the software's year-end closed down procedure.

We have checked and verified these reports, against prime documentation, and consider that the Council's Accounting reports accurately records the 2023-24 financial year's transactions. The software also generates the detail for inclusion in the year's Annual Return, which we have also verified as being consistent with the accounting and other relevant supporting records.

We have also reviewed the procedures in place for identifying year-end debtors, creditors and accruals and agreed the detailed values recorded in the year-end Balance Sheet to the underlying records with no long-standing unpaid accounts or other issues arising.

Conclusion

We are pleased to record that there are no matters arising in this area of our review warranting formal comment or recommendation and, on the basis of the work undertaken during the course of our review for the year, we have "signed off" the Internal Audit Certificate in the Annual Governance and Accountability Return, assigning positive assurances in all areas.

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NOTE TO REPORT

We confirm that all confidential & sensitive information, supplied for the purposes of this audit including, Personnel Minutes, Payroll and Employment data have been permanently deleted from Auditing Solutions Ltd.'s servers and any printouts made for the purposes of this audit have been destroyed in accordance with the Company's data and document retention policies and with the prevailing General Data Protection Legislation.

Rec. No.	Recommendations	Response
Review of Corporate Governance		
R1	Items of business resolved under a full Minute reference should each be uniquely referenced for ease of identification: 002/25 (a), (b), (c) for example.	
R2	All matters pertaining to financial decisions <u>must</u> record an associated Resolution against a unique reference using specific language, without ambiguity. For example: FINANCIAL MATTERS (a) Members Received and Approved the Bank Reconciliation statements for the Unity Trust Bank current account as at the 31st of March 2025 with a closing balance of £xx.xx (b) Members Received and Approved the Bank statement for the Unity Trust Bank current as at the 31st of March 2025 with a closing balance of £xx.xx (c) Members Received and Approved the Schedule of Payments reference SoP/12/2024-25, to the 31st of March 2025 attached as Appendix 'A', in the amount of £xx.xx, and initialled the corresponding payment documents, including invoices, as having been Approved. (d) Members Received and noted the Schedule of Receipts to the 31st of March 2025 as recorded, in the amount of £xx.xx, and initialled the corresponding receipts; (e) Members received and noted the Clerk & RFO's Budget vs. Actual report to the 31st of March 2025.	