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# **Baldons Parish Council**

*Internal Audit Report 2024-25*

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**[REDACTED]**  
*Consultant*

*Auditing Solutions Ltd*

## **Background**

**Statute requires all town and parish 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 AGAR.**

This report sets out the work undertaken in relation to the 2024-25 financial year. We have again undertaken our review for the year remotely: we wish to thank the Clerk for assisting the process, providing all necessary documentation in electronic format to facilitate completion of our review for the year and sign off of the Internal Audit Certificate in the year's AGAR. We have undertaken a reasonable level of substantive testing to ensure that governance and financial controls remain effective.

## **Objectives**

Our prime objective is to provide the Council and local electors with an appropriate level of assurance as to the soundness of the systems of internal financial control, as well as identifying areas where scope exists for improvements in those controls or working practices, which may also result in the more effective and efficient use of resources.

## **Conclusions**

We have completed and signed the 'Annual Internal Audit Report' in the year's Annual Governance and Accountability Return (AGAR), noting that the Council has maintained its governance procedures and financial controls to a reasonable standard that meets the needs of the Council. We have made some observations in this report that we have agreed with the Clerk.

Finally, we would note that this is the last audit that we will undertake for The Baldons. It is hoped that Auditing Solutions will be shortly sold as a Going Concern, and that the Council will be able to continue with a new and preferred audit provider without interruption.

We express our gratitude to the Council, and the Clerk, for the opportunity to have been of service over the years, and we wish the Council all future success.

## Detailed Report

### Maintenance 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 therein, also that the records are routinely examined by members with periodic bank reconciliations prepared and reviewed.

We note that the Council's accounts continue to be maintained in a spreadsheet format, which is perfectly normal for a Council of this size. This includes a column relating each transaction to the Minute authorisation, and the Legal Power. A VAT analysis is also recorded. Given the limited number of transactions it is relatively straightforward to reconcile totals to the approved budget heads and the year-end AGAR.

Two bank accounts are in operation with Barclays (Community and Business), the latter receiving small amounts of interest quarterly. Nearly all payments are now made by electronic transfer. There is evidence in the Minutes that reconciliations are reviewed at each Council meeting, with independent checks being undertaken in accordance with Financial Regulation 2.6, although we have been informed that this role will be re-allocated at the May 2025 meeting.

#### *Conclusion*

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

### Review of Corporate Governance

Our objective is to ensure that the Council has a robust series of corporate governance documentation in place, that Council meetings are conducted in accordance with the adopted Standing Orders and that no actions of a potentially unlawful nature have been or are being considered for implementation.

We note that the Council has re-adopted both Standing Orders (SO's) and Financial Regulations (FR's) at the May and November 2024 meetings respectively, which are also available on the Council's website. The tendering levels in both documents, however, need to be re-set at £5,000, which we understand will be undertaken at the May 2025 meeting.

We have examined the Council's Minutes for the year to ensure that, as far as we may reasonably be expected to ascertain, as we do not attend meetings, no issues affecting the Council's financial stability exist, also that the Council is not considering any decisions that may result in ultra vires expenditure being incurred.

We note that the Council is now registered with the Information Commissioner's Office (ICO), which is a requirement on all Public Bodies. This is linked to the Council's Privacy Policy.

The Council's website shows an excellent level of compliance with the requirements of the Transparency Code 2015.

As referred to above, the Council's cashbook shows that expenditure is allocated to a specific Legal Power. We have confirmed with the Clerk that there was no expenditure during 2024-25 allocated to Section 137 of the Local Government Act 1972. This Power will be replaced by the General Power of Competence (GPoC) once the Clerk attains the CiLCA qualification.

Finally, we note that the Exercise of Public Rights for the 2023-24 AGAR was properly undertaken in accordance with the Accounts and Audit Regulations.

### ***Conclusion***

***There are no issues arising in this area of our review warranting formal comment or recommendation, other than the observation about agreeing the tendering limits in SO's and Fr's.***

## **Review of Expenditure**

Our aim here is to ensure that: -

- 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 payments are approved by members and recorded in the minutes of the relevant Council meetings
- Relevant Standing Orders and Financial Regulations have been met in relation to formal tendering processes;
- The correct expenditure analysis has been applied to payments when processed; and
- VAT has been appropriately identified for periodic recovery.

We have test-checked a representative sample of 2024-25 transactions between the cashbook and the Minutes, with no issues arising.

VAT reclaims have been periodically submitted and received during the year.

### ***Conclusion***

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

## 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 in order to minimise the opportunity for their coming to fruition.

The Risk Register was reviewed by Council in May 2024, which meets the requirement of FR2.2 for at least an annual review.

We note that the Council has insurance cover in place with Aviva, arranged through Clear Councils, as part of a 3-year Long Term Agreement which ends in May 2027. Public and Employer's Liability are set at £10 Million each, with Fidelity Guarantee at £250,000 and Officers Indemnity at £500,000, along with other covers (such as property), all of which we consider appropriate for a Council of this size.

### *Conclusion*

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

## Budgetary Control & Reserves

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 District 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.

At its meeting on 13 January 2025, the Council set a combined (covering both villages) Precept for 2025-26 of £17,135, which was properly minuted.

At 31 March 2025 the Council had overall Cash Reserves of £44,041, with £46,221 established as Earmarked Reserves (EMR's). While this indicates a negative General Reserve, expected income from the 2025/26 Precept and the remaining unclaimed VAT balance shows an anticipated General Reserve of £14,991, which represents 87.5% of the Precept against the Council's Policy of 50%.

We note a good level of budget review by the Council throughout the year.

### *Conclusion*

*There are no issues arising in this area of our review 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 its various sources, to ensure that income is invoiced in a timely manner and that effective procedures are in place to pursue recovery of any outstanding monies due to the Council.

The Council receives income from a very limited number of sources each year, primarily the annual Precept, bank interest and occasional VAT recoveries and Community Infrastructure Levy receipts. To meet the above objective, we have checked and agreed all receipts by reference to the cashbook and bank statements, with no issues arising.

### ***Conclusion***

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

## **Petty Cash Account**

*The Council does not operate a petty cash account. Therefore, there are no issues arising in this area of our review warranting formal comment or recommendation..*

## **Salaries and Wages**

In examining the Council's payroll function, we aim to confirm that extant legislation is being appropriately observed as regards adherence to the requirements of HM Revenue and Customs (HMRC) in the deduction and payment over of income tax and NI contributions.

We note that the Clerk is now paid on an appropriate NJC scale, and uses the HMRC Basic PAYE Tools package for making regular returns and accounting for Statutory deductions to be paid over by the Council to HMRC, which is the correct practice.

We have test-checked the system with no issues arising.

### ***Conclusion***

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

## **Fixed Asset Registers**

The Governance and Accountability Manual requires all councils to maintain a record of all assets publicly owned, on the basis of original cost or, where this cannot be reasonably determined, an appropriate value which can be a nominal £1.

We have confirmed that there were no changes to the reported value during 2024-25, demonstrating the consistency previously commented on by the External Auditor. We therefore believe that the Council's Asset Register meets the required standard.

### ***Conclusion***

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

## **Investments and Loans**

The Council holds no specific investments other than its bank balances, nor are any loans either repayable by, or to it in existence.

### ***Conclusion***

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

## **Statement of Accounts / AGAR**

The Accounts and Audit Regulations, as amended periodically, require all councils to prepare annually a Statement of Accounts, which is now set out in the AGAR at Section 2, together with the Annual Governance Statement at Section 1. We have reviewed the Council's AGAR, agreeing Section 2 to the financial records and noting the assurances given in Section 1.

***Based on the overall status of the Council's operative controls we have duly signed off the Internal Audit Certificate in the year's AGAR assigning appropriate assurances in each area.***

| Rec.<br>No.             | Recommendation | Response |
|-------------------------|----------------|----------|
| No recommendations made |                |          |