

INTERNAL AUDIT REPORT FOR STALMINE WITH STAYNALL PARISH COUNCIL

FINANCIAL YEAR: 2024/25

AGAR certificate reference	Internal audit action for expected controls	Findings	Recommendation
<p>A - Appropriate accounting records have been kept throughout the year.</p> <p>I - Periodic bank reconciliations were properly carried out during the year.</p>	<p>Ensure the correct roll forward of the prior year cashbook balances to the new financial year.</p> <p>Check a sample of financial transactions in cashbooks to bank statements, etc: the sample size dependent on the size of the authority and nature of accounting records maintained.</p> <p>Ensure that bank reconciliations are prepared routinely, are subject to independent scrutiny and sign-off by members.</p> <p>Verify the accuracy of the year-end bank reconciliation detail and ensure accurate disclosure of the combined cash and bank balances in the AGAR, Section 2, Box 8.</p> <p>Where the authority has bank balances in excess of £100,000 it has an appropriate investment strategy.</p>	<p>The correct figure has been used (£52,158.27)</p> <p>There is an exemplary audit trail.</p> <p>A monthly bank reconciliation is carried out and it is balanced against bank statements. These are approved by members. Where a meeting is not held, the bank reconciliations are submitted to the next meeting and this is shown in the minutes.</p> <p>The figures in the year-end bank reconciliation and those in Box 8 are accurate.</p> <p>Bank balances are below £100,000.</p>	
<p>B. The authority complied with its financial regulations,</p>	<p>Review the procedures in place for acquisition of formal tenders and quotes, ensuring they are in line with the <u>SOs</u></p>	<p>Procedures are specified in Standing Orders and Financial Regulations. Standing Orders are based on the latest NALC model documents but NALC issued an updated</p>	<p>Adopt the new model Financial Regulations as soon as possible.</p>

<p>payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.</p>	<p><u>and FRs</u> which should be based on the latest version.</p> <p>Ensure that consistent values are in place for the acquisition of formal tenders between SOs and FRs (frequently different limits are recorded in the two documents).</p> <p>Review the procedures for receipt of invoices, agreement of invoice detail and confirmation of goods /services delivery and approval for payment: ideally, a suitably designed certification stamp should be in place providing for evidencing of these checks and payment authorisation.</p> <p>Check that there is effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments.</p> <p>Check that VAT reclaims are prepared and submitted in a timely manner in line with the underlying records and in accordance with current HMRC requirements.</p> <p>Where debit / credit cards are in use, establish the total monthly and individual transaction limits and ensure appropriate</p>	<p>version of model Financial Regulations in March 2025, too late for them to be adopted by the parish council in the 2024/25 financial year.</p> <p>The figures are consistent.</p> <p>The Clerk is responsible for checking that the invoice specifies accurately the goods/services ordered and that the goods/services have been satisfactorily delivered before submitting the invoices for approval by members by listing them on the agenda. Two authorised signatories also initial each invoice after checking that the invoice and bank transfer amount tallies.</p> <p>A schedule of payments set up by the Clerk is prepared for each meeting. There are separate authorisation sheets for the two authorised signatories who are responsible for checking the inputted amounts for accuracy before authorising the payments. There is no cheque book.</p> <p>Quarterly reclaims have been submitted and receipts recorded.</p> <p>The Council has a Virgin Money debit card linked to the Virgin Money bank account. The card is for use by the Clerk for business purchases and in line with the agreed</p>	<p>The Clerk's delegations do not align with the current version of Financial Regulations. Eg Financial</p>
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	controls over physical security and usage of the cards are in place.	<p>delegations to the Clerk. The risk register records controls over physical security. As a debit card each payment made with it is deducted from the bank account. Any payments made are reported to meetings of the Council.</p> <p>It is not clear whether there are any monthly or individual transaction limits and, if so, what they are.</p>	<p>Regulation 5.15. Align at next review of delegations (July 2025)</p> <p>Make these explicit either in the minutes or the agreed Clerk's delegations.</p>
C. The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<p>Ensure that authorities have prepared, and formally adopted, at least once annually, an appropriate and comprehensive register of assessed risks, both regular and ad hoc.</p> <p>Ensure that appropriate levels of insurance cover are in place for land, buildings, public, employers' and hirers' (where applicable) liability, fidelity / employees (including councillors) liability, business interruption and cyber security.</p> <p>Ensure that appropriate arrangements are in place for monitoring play areas, open spaces and sports pitches: such reviews should be undertaken by appropriately qualified external inspectors or, if by officers or members, that they have received the appropriate training and accreditation.</p> <p>Review the effectiveness of internal control carried out by the authority.</p>	<p>A risk management plan and risk register were approved at the 11 March 2025 meeting (min 166.7 refers).</p> <p>The insurance policy provides the appropriate cover.</p> <p>Wyre Council carries out regular inspections on behalf of the parish council and rectify any deficiencies found. The parish council is billed for the inspections and any work carried out. There is an independent annual inspection commissioned by Wyre. The inspection reports are provided to the parish council.</p> <p>The council has all the required internal controls and conducts an Annual Governance Review to ensure the suite of internal control documents is up to date (11 March 2025</p>	<p>Ensure that the Council carries out a review of the effectiveness of internal control each year.</p>

		meeting min 166.7 refers). The Council also has all the required practices in place. However the minutes do not record that the council has conducted a review of the effectiveness of internal control as required by Regulation 6 of the Accounts and Audit Regulations 2015.	
D. The Precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored; and reserves are appropriate.	<p>Ensure that the full Authority, not a Committee, has considered, approved and adopted the annual precept for the coming year in accordance with the required parent Authority timetable.</p> <p>Ensure that current year budget reports are prepared and submitted to Authority / Committees periodically during the year with appropriate commentary on any significant variances.</p> <p>Review the budget performance either during the year or at the financial year-end seeking explanations for any significant or unanticipated variances.</p> <p>Ensure that the Authority has considered the establishment of specific earmarked reserves and, ideally, reviews them annually as part of the budget assessment process.</p> <p>Ensure that the precept received in the accounts matches the prior year submission form to the relevant authority and the public record of precepted amounts.</p>	<p>The parish council considered, approved, and adopted the annual precept for the financial year 2024/2025 at the 9 January 2024 meeting (minute 109 refers) and the same for the 2025/26 financial year at the 10 December 2024 meeting (minute 125.7 refers). Both were in accordance with Wyre Council's timetable.</p> <p>Quarterly budget monitoring reports were presented to the council and approval minuted. The reports show where a heading is under of over budget and the discussion on variances at the meeting is minuted.</p> <p>See above.</p> <p>The parish council has a number of earmarked reserves. These are reviewed as part of the budget process.</p> <p>The amounts match.</p>	

<p>E. Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.</p>	<p>Review “Aged debtor” listings to ensure appropriate follow up action is in place.</p> <p>Allotments: ensure that appropriate signed tenancy agreements exist, that an appropriate register of tenants is maintained identifying, that debtors are monitored.</p> <p>Burials: ensure that a formal burial register is maintained that it is up-to-date and that a sample of interments and memorials are appropriately evidenced, that fees have been charged at the correct approved rate and been recovered within a reasonable time: Authorities should also acquire and retain copies of Burial/Cremation certificates.</p> <p>Hall hire: ensure that an effective diary system for bookings is in place identifying the hirer, hire times and ideally cross- referenced to invoices raised.</p> <p>Leases: ensure that leases are reviewed in a timely manner in accordance with the terms of the lease and rents similarly reviewed appropriately at the due time.</p> <p>Other variable income streams: ensure that appropriate control procedures and documentation are in existence to provide a clear audit trail through to invoicing and recovery of all such income.</p>	<p>There are no “aged debtors”.</p> <p>There are no allotments.</p> <p>There are no burials.</p> <p>There is no Hall.</p> <p>There are no leases.</p> <p>There are no variable income streams. The only receipts, other than the precept, are VAT reclaims and grants. Most receipts are via bank transfer with one cheque paid in promptly.</p>	
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	Where amounts are receivable on set dates during the year, ensure that an appropriate control record is maintained duly identifying the date(s) on which income is due and actually received / banked.	There are no amounts receivable on set dates.	
F. Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	<p>A number of Authorities are now running down and closing their petty cash accounts and using debit / credit cards for ad hoc purchases. Consequently, a "Not covered" response is frequently required in this area.</p> <p>Review the systems in place for controlling any petty cash and also cash floats (used for bar, catering, etc). Check a sample of transactions during the financial year to ensure appropriate supporting documentation is held. Review the existence of evidenced periodic independent verification of the petty cash and any other cash floats held.</p> <p>Ensure that VAT is identified wherever incurred and appropriate.</p> <p>Physically check the petty cash and other cash floats held.</p> <p>Where bar or catering facilities are in place, ensure that appropriate cashing-up procedures are in place reconciling the physical cash takings to the till "Z" total readings.</p>	The Parish Council does not operate on a petty cash basis.	

<p>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.</p>	<p>Ensure that, for all staff, a formal employment contract is in place together with a confirmatory letter setting out any changes to the contract.</p> <p>Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability payment.</p> <p>Ensure that, for a sample of staff salaries, gross pay due is calculated in accordance with the approved spinal point on the NJC scale or hourly rate, if off-scale, and also with the contracted hours.</p> <p>Ensure that appropriate tax codes are being applied to each employee.</p> <p>Where free or paid for software is used, ensure that it is up to date.</p> <p>For the test sample of employees, ensure that tax is calculated appropriately.</p> <p>Check the correct treatment of Pension contributions.</p> <p>For NI, ensure that the correct deduction and employer's contributions are applied: NB. The employers' allowance is not available to councils but may be used by other authorities.</p>	<p>There are formal employment contracts for all staff and confirmatory letters setting out any changes to the contract are provided.</p> <p>There are no members' allowances.</p> <p>Payroll is carried out by professional accountants and there is a signed contract in place. The payroll provider is notified, following approval by Council, when any change to pay rates or hours of work are made and the appropriate salary adjustment is made.</p> <p>Tax codes are received directly by the payroll provider and the correct tax code is applied.</p> <p>The payroll provider's software is updated on a regular basis.</p> <p>The payroll provider applies the tax code to ensure that tax is calculated appropriately.</p> <p>There are no pension contributions. The payroll provider files the declaration on behalf of the Council and this is current until 2026.</p> <p>The payroll provider ensures that the correct deduction and employer's contributions are applied.</p>	<p>The Contract for Payroll Services was signed in 2016. It may be wise to discuss the content with the provider to ensure it remains fit for purpose.</p>
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	<p>Ensure that the correct employers' pension percentage contribution is being applied.</p> <p>Ensure that for the test sample, the correct net pay is paid to the employee with tax, NI and pension contributions correctly paid to the respective agencies.</p>	<p>There are no pension contributions.</p> <p>The payroll provider ensures that the correct net pay is calculated and identifies the amounts due to HMRC. The payments are made after approval by Council. There is a clear audit trail from decisions of the Council, their application by the payroll provider and payment approvals for staff and HMRC.</p>	
<p>H. Asset and investment registers were complete and accurate and properly maintained.</p> <p>This section / assurance should be extended to include loans to or by the authority.</p>	<p>Tangible Fixed Assets Ensure that the Authority is maintaining a formal asset register and updating it routinely to record new assets at historic cost price, net of VAT and removing any disposed of/no longer serviceable assets. Physically verifying the existence and condition of high value, high risk assets may be appropriate.</p> <p>Ideally, the register should identify for each asset the purchase cost and, if practicable, the replacement / insured cost, the latter being updated annually and used to assist in forward planning for asset replacement.</p> <p>Additions and disposals records should allow tracking from the prior year to the current.</p> <p>Ensure that the asset value to be reported in the AGAR at Section 2, Line 9 equates to the prior year reported</p>	<p>There is a schedule of assets showing all assets up to 31.3.25 and approved by the Council at its meeting on 11 March 2025 (min 166.7 refers). The spreadsheet has a tab for current assets, a tab for assets disposed of and a tab for assets acquired. The council accepted last year's recommendation to change the format so that additions and disposals can be more easily tracked. There are no high value or high risk assets.</p> <p>The council adopted a fixed asset policy at 10.6.24 meeting (minute 44.8 refers) and agreed to change to original value. The register identifies the purchase cost (or £1 if the original purchase cost is unknown) and replacement/insured values.</p> <p>The format does allow tracking. Additions and disposals are recorded for each financial year.</p> <p>The reported asset value (Box 9) at 31.3.25 tallies with the current value total in the asset register.</p>	<p>Consider adding a column to show disposal date on the disposals page</p> <p>See point above re cformat.</p>

	<p>value, adjusted for the nominal value of any new acquisitions and / or disposals.</p> <p>Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured or “self-insured” by the Authority.</p> <p>Fixed asset investments Ensure that all long-term investments (i.e., those for more than 12 month terms) are covered by the “Investment Strategy” and reported as Assets in the AGAR at Section 2, Line 9.</p> <p>Borrowing and Lending Ensure that the authority has sought and obtained appropriate DMO approval for all loans acquired.</p> <p>Ensure that the authority has accounted for the loan appropriately (i.e., recorded the full value of the loan. Any arrangement fee should be regarded as an admin expense) in the year of receipt.</p> <p>Ensure that the combined principal loan repayment and interest for the year is correctly recorded in the AGAR at Section 2 Line 5.</p> <p>Ensure that the outstanding loan liability as at 31st March each year is correctly recorded in the AGAR at Section 2, Line 10 (value should be verified via the DMO website).</p>	<p>There is sufficient cover for all the assets as shown.</p> <p>There are no long term investments.</p> <p>There are no loans.</p> <p>See above.</p> <p>See above.</p> <p>See above.</p> <p>No loans are made.</p>	
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	Where the Authority has issued loans to local bodies, they should ideally seek signed indemnities from the recipient body, or their members, agreeing to underwrite the loan debt.		
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, debtors and creditors were properly recorded.	<p>Whilst IAs are not required to verify the accuracy of detail to be disclosed in the AGAR, this assertion, together with the expectation of most Authorities, effectively requires IAs to ensure that the financial detail reported at Section 2 of the AGAR reflects the detail in the accounting records maintained for the financial year.</p> <p>Consequently, IAs should ensure that, where annual turnover exceeds £200,000, appropriate records are maintained throughout the year on an Income and Expenditure basis to facilitate budget reporting in that vein.</p> <p>Ensure that appropriate accounting arrangements are in place to account for debtors and creditors during the year and at the financial year-end.</p>	<p>The correct accounting basis (receipts and payments) was used and the financial detail reported at Section 2 of the AGAR reflects the accounting records.</p> <p>Annual turnover does not exceed £200,000.</p> <p>Appropriate arrangements are in place.</p>	
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.	IAs should ensure that, all relevant criteria are met (receipts and payments each totalled less than £25,000), the correct exemption certificate was prepared and minuted in accordance with the statutory submission deadline, that it has been published, together with all required information on the Authority's website and noticeboard.	The parish council did not certify itself as exempt.	

L. The authority publishes information on a free to access website / web page, up to date at the time of the internal audit in accordance with the relevant legislation.	IAs should review the Authority's website ensuring that all required documentation is published in accordance with the relevant legislation.	The authority has an appropriate website (a gov.uk domain) which contains all the information required by legislation. Councillors also have parish council email addresses.	
M. The authority, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.	<p>IAs should acquire / examine a copy of the required "Public Notice" ensuring that it clearly identifies the statutory 30 working day period when the Authority's records are available for public inspection.</p> <p>IAs may also check whether councils have minuted the relevant dates at the same time as approving the AGAR.</p>	<p>The deadline of "on or before 1 September" was met with the 30 day period beginning on 3 June and ending on 12 July 2024.</p> <p>The relevant dates were minuted.</p>	
N. The authority complied with the publication requirements for the prior year AGAR.	IAs should ensure that the statutory disclosure / publication requirements in relation to the prior year's AGAR have been met as detailed on the front page of the current year's AGAR.	The parish council published all the required information.	
O. Trust funds (including charitable) - the Council met its responsibilities as a trustee.	Confirm that all charities of which the council is a Trustee are up to date with CC filing requirements, that the council is the sole trustee on the Charity Commission register, that the council is acting in accordance with the Trust deed, that the Charity meetings and accounts are recorded separately from those of the council.	The Parish Council is not a trustee.	

	Review the level and activity of the charity and where a risk based approach suggests such, review the Independent Examiners report.		
P. Meeting Governance	<p>Have meetings been properly called in accordance with legislation?</p> <p>Has the Council claimed the General Power of Competence? If so, was it properly claimed in accordance with the legislation?</p> <p>Were meetings quorate?</p> <p>Were the minutes properly signed at the next meeting in accordance with statutory procedures and proper practices?</p>	<p>Yes</p> <p>The Council has not claimed the General Power of Competence</p> <p>Yes</p> <p>Yes</p>	
Q. Other	<p>Minutes of the Annual Meeting</p> <p>Appointment of the Internal Auditor</p>	<p>The May 2024 minutes are headed “ordinary meeting”. The May meeting is the Annual Meeting of the Parish Council and should be headed as such.</p> <p>The Internal Auditor and the fee charged were agreed at the 10 January 2025 meeting (minute 139.8) but the minutes do not record that the Terms of Reference/Appointment were considered or approved. A document headed “Internal Audit Terms of Reference” has been provided but this is dated September 2023.</p>	<p>Refer to Section 4 of the 2024/25 Practitioner’s Guide for Best Practice Guidance for Internal Audit. Agenda at the same time as the Review of Effectiveness of Internal Control (see Box C above)</p>

Jan Finch
Internal Auditor

14 April 2025