



19th May 2025

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## **2024/25 Interim Internal Audit Report for Fyfield Parish Council**

### **BASIS OF REPORT**

This Internal Audit report is based on the 2024 Practitioners' Guide (Joint Panel on Accountability and Governance) Governance and Accountability for Smaller Authorities in England.

The scope of this internal audit is focused on assessing the effectiveness of the Council's internal controls and was outlined in the original Letter of Engagement. Where any such controls are found to be deficient, the internal audit will help lead to improvement in those processes. The Internal Audit Report should, therefore, be made available to all Members to support and inform them when they consider the Council's approval of the Annual Governance Statement.

By applying the principles of internal auditing, outlined in the current Accounts and Audit Regulations and applying the approach to internal audit testing outlined above, every effort is made to ensure that all internal audits are conducted with due professional care, integrity and independence. All conclusions derived from the audit are based upon objective and traceable evidence.

Please note: it would be incorrect to view internal audit as the detailed inspection of all records and transactions of the Council in order to detect error or fraud. Smaller authorities are required by the Accounts and Audit Regulations 2015 to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes'. An internal audit is therefore a periodic independent review of a Council's internal controls resulting in an assurance report designed to improve effectiveness and efficiency of the activities and operating procedures under the Council's control. Managing the Council's internal controls should be a day-to-day function of the staff and Councillors and not left for internal audit. (Source: Governance and Accountability for Smaller Councils - A Practitioners' Guide 2024 – Section 4).

As Internal Auditor for Fyfield Parish Council, I confirm that I am independent from the management of the financial controls and procedures of the Council and do not have any conflicts of interest with the Council, nor do I provide any management or financial assistance to the Council.

### **INTERIM AUDIT REPORT**

I reviewed the documents provided and met with the Parish Clerk/RFO on 8th May 2025 and finalised the information on 19<sup>th</sup> May 2025.

The Parish Clerk is the sole employee and acts as both Clerk and Responsible Financial Officer (RFO) of the Council and has only been in post since June 2024. The electorate number of the Parish Council was reported to be 666 and the Precept for the year 24/25 was set at £15,564.

| AUDIT POINT  | AUDIT FINDINGS  | RECOMMENDATIONS & ACTIONS  |
|--|---|--|
| <b>A. Appropriate accounting records properly kept throughout the financial year</b>   |   |  |
| Bookkeeping Arrangements   | <ul style="list-style-type: none"> <li>• <i>Appropriate books of account are being kept and are well maintained. The Council operates on a Receipts &amp; Payments basis.</i></li> <li>• <i>The Council uses Xero for their accounting system and this is being used appropriately.</i></li> <li>• <i>Council minutes are up to date and are signed and dated.</i></li> </ul>   | The accounting package used is a commercial one and not sector specific. It seems adequate at the moment for the level of transactions, but Council may wish to consider an alternative package at some point in the future which will provide them with better reporting options.   |
| <b>B. Financial Regulations complied with, payments supported by invoices, expenditure approved, VAT appropriately accounted for</b> |   |  |
| Document reviews, review of internal controls and decision making.   | <ul style="list-style-type: none"> <li>• <i>Standing Orders and Financial regulations were reviewed in the year based on the current model versions at the time and are appropriately published to the website.</i></li> <li>• <i>There were no contracts that needed to be advertised in line with procurement legislation.</i></li> <li>• <i>The Council follows its Standing Orders and Financial Regulations regarding procurement.</i></li> <li>• <i>A sample of payments during the year were reviewed. Payments were supported by invoices and all expenditure was approved.</i></li> <li>• <i>The system for authorising and making payments from the bank account is in accordance with Financial Regulations.</i></li> <li>• <i>Orders are made in accordance with Financial Regulations.</i></li> <li>• <i>VAT is appropriately accounted for and claimed annually.</i></li> <li>• <i>There were effective controls in place for making payments.</i></li> <li>• <i>Quarterly checks are undertaken independently by Councillors but not evidenced in the minutes</i></li> </ul> | <p>The Clerk is aware that newer model versions are now available which accommodate the new procurement legislation, and this will be on a forthcoming agenda.</p> <p>It is recommended that the Clerk evidences that invoices are verified and certified in accordance with Financial Regulation 6.3.</p> <p>It is recommended that the minutes record when a quarterly internal check is undertaken and completed and whether any issues have arisen.</p> <p>It was noted from the Financial Regulations that ‘Personal credit or debit cards of members or staff shall not be used except for expenses of up to £250 including VAT, incurred in accordance with council policy.’ It is recommended that this practice ceases and an appropriate Council credit or debit card system be employed. The use of personal cards for council expenditure, even with a stated limit, undermines transparency, weakens financial controls, and increases the risk of error or misuse; best practice—and in some cases legal compliance with the Accounts and Audit Regulations—requires all public spending to be traceable directly through council-held accounts.</p> |

| <b>C. Risk management &amp; Insurance</b>                   |   |   |
|---|---|---|
| Review of internal controls                                 | <ul style="list-style-type: none"> <li><i>The Council undertook a review of risk in August 2024 but the document was not published with the agenda and it not on the website.</i></li> <li><i>The scope and value of insurance was reviewed in August 2024 in time for the September renewal. Fidelity cover is £250,000 and was considered more than sufficient at the time.</i></li> <li><i>Appropriate arrangements are in place for monitoring operational risk including headstone inspections.</i></li> </ul> | Evidence was seen that a Risk Register is in existence. A column showing residual risk scores (post-control) would enhance transparency and monitoring.   |
| <b>D. Budget, Precept and Reserves</b>                      |   |   |
| Review of internal controls, monitoring and decision making | <ul style="list-style-type: none"> <li><i>An annual budget was prepared and approved in January prior to setting the precept.</i></li> <li><i>Progress against the 2024/25 budget was not monitored.</i></li> <li><i>The Council has not formally resolved Earmarked reserves nor undertaken an overall review of reserves. As a result, the General Reserve level appears too high.</i></li> </ul>   | <p>It is recommended that the annual budget and precept demand be published on the Council's website so the electorate can view how the Council plan to spend their precept contribution.</p> <p>The precept amount needs to be stated in the minutes of the Council resolution.</p> <p>The precept for 2025/26 is £17,120</p> <p>It is recommended that progress against budget is reviewed quarterly, evidenced in the minutes and any significant variances reviewed.</p> <p>The Council will be formally creating Earmarked reserves at their forthcoming meeting.</p> <p>It is recommended that Council adopt a Reserves Policy.</p> |

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| <b>E. Income</b>  |  |  |
| Review of internal controls, banking and VAT accounting         | <ul style="list-style-type: none"> <li><i>The precept received in 2024/25 agreed to the precept demand.</i></li> <li><i>A VAT claim for 2023/24 was submitted and reimbursed. A claim for 2024/25 has been submitted.</i></li> <li><i>All fees are reviewed annually.</i></li> <li><i>Income was received as expected.</i></li> </ul>  |  |
| <b>F. Petty Cash</b>  |  |  |
| Review of internal controls, decision making and VAT accounting | <i>A Petty cash system is not operated by the Council.</i>   |  |
| <b>G. Payroll</b>   |  |  |
| Review of process, internal controls and decision making        | <ul style="list-style-type: none"> <li><i>An appropriate contract of employment is in place.</i></li> <li><i>The Council is registered with HMRC as an employer.</i></li> <li><i>The Council is not registered with the Pension Regulator as the clerk does not qualify for enrolment for a pension.</i></li> <li><i>Salaries were paid in accordance with Council approvals and PAYE and NI requirements were not applicable due to the working hours of the Clerk.</i></li> <li><i>A staff appraisal system is in place.</i></li> <li><i>Councillors do not receive allowances.</i></li> </ul> | <p>With the Council not having premises and the Clerk working from home, consideration should be given to paying the HMRC Homeworking Allowance, currently £26 per month. This is a non-taxable allowance where no evidence of cost is required, provided the Clerk meets HMRC homeworking conditions.</p> <p>The Council did not pay the back dated NJC pay rise announced in November 2024. This will be corrected and going forward should be implemented as soon as the formal announcement is made by NALC.</p> |
| <b>H. Assets, Investments and Loans</b>                         |  |  |
| Review of registers, policies and records                       | <i>The Council holds an asset register which is up to date and assets were inspected internally during the past year for risk with Land Registry details published.</i>  |  |
| <b>I. Bank Reconciliations</b>                                  |  |  |
| Review of internal controls                                     | <i>The Clerk undertakes bank reconciliations. Whilst this is reviewed as part of the internal control process, it does need to be evidenced in the minutes.</i>  | It is recommended that in accordance with the Council's Financial Regulation 2.6, Council should clearly record that this internal control is being undertaken.  |

| <b>J. Accounting Statements</b>            |  |   |
|--|--|---|
| Review of process                          | <ul style="list-style-type: none"> <li>• <i>Appropriate accounting procedures are used and can be followed through from working papers to final documents.</i></li> <li>• <i>End of year accounts were prepared on a Receipts &amp; Payments basis.</i></li> <li>• <i>Figures were checked to Council's records.</i></li> </ul>  | <p>It was highlighted to the Clerk that the Governance statements should be resolved individually by Council.</p> <p>It was highlighted to the Clerk that the approval of the AGAR must be by full Council and not a Committee.</p> <p>The Council should receive and minute the AGAR Annual Internal Audit Report before approving the Annual Governance Statement and the Accounting Statements.</p>  |
| <b>K. Limited Assurance Review</b>         |  |   |
| Criteria review                            | <i>The Council does not meet the exemption criteria.</i>   |   |
| <b>L. Transparency Code</b>                |  |   |
| Review of published information on website | <ul style="list-style-type: none"> <li>• <i>In 2024/25, the Transparency Code for Smaller authorities did not apply for the Council.</i></li> <li>• <i>The Council's website does not indicate that it is WCAG 2.2AA compliant in respect of the latest Accessibility Regulations.</i></li> <li>• <i>Five years of AGAR information is not available on the website.</i></li> <li>• <i>There are contact details for all Councillors on the website along with their responsibilities within Council if applicable.</i></li> </ul> | <p>Although not required to follow a Transparency Code, the Council may wish to align with key elements of it to demonstrate openness. Easy to understand details of what could be published can be found here<br/> <a href="#">Transparency - Weymouth Town Council   Weymouth Town Council</a></p> <p>It is recommended that Council consider 5.210-5.219 of the Practitioners' Guide 2024 – the importance of using .gov.uk domains for websites and emails.</p> <p>Council will have to ensure that for the 2025/26 AGAR they meet the new Assertion 10 that will be introduced into the Governance Statement – Digital and data compliance. See section 5.117-5.128 of the Practitioners' Guide 2025. Failure to ensure all councillors use council email addresses could result in non-compliance with the digital governance assertion and increase the risk of data breaches under UK GDPR.</p> |

|                                     |   |   |
|-------------------------------------|---|---|
|                                     |   | <p>Whilst it is acknowledged that the Council are registering with the ICO, the following documents should be published to the website:</p> <p>Website accessibility statement<br/>         Freedom of Information Scheme<br/>         Data Protection Policy<br/>         Five years of AGAR information</p> |
| <b>M. Exercise of Public Rights</b> |   |   |
| Review of 2023/24                   | <i>The Council did not meet the publishing criteria for the 2023/24 AGAR. It did not publish the exercise of public rights notice on the website and noticeboard.</i> | <p>It was established that the Council did not correctly provide for a period for the exercise of public rights as required due to the change of Parish Clerk.</p> <p>The Council is fully aware of this necessity for the 2024/25 AGAR.</p>  |
| <b>N. AGAR publication</b>          |   |   |
| Review of 2023/24                   | <i>The Parish Council did not comply with the publication requirements for the 2023/24 AGAR.</i>  | The change in Parish Clerk in June 2024 was the cause for this but will not be repeated for the 2024/25 AGAR.   |
| <b>O. Trust Funds</b>               |   |   |
| Review if applicable                | <i>Not applicable</i>   |   |

| Transparency Compliant   |  |   |
|--|--|---|
| PROCESS  | FINDINGS   | RECOMMENDATIONS & ACTIONS   |
| <b>1. Review of Internal Audit 2023/24 considered and actioned</b>       |  |   |
| Good Practice  | <i>The Internal Audit was reviewed by Council. There were matters requiring attention and these were considered in part.</i> | It would be best practice for the Internal Auditors report to be published on the Council website |
| <b>2. External Audit recommendations 2023/24 considered and actioned</b> |  |   |
| Good Practice  | <i>The Conclusion of Audit report was received for 23/24 and published on the website.</i>                                   |   |
| <b>3. Compliance with Transparency Code</b>                              |  |   |
| Good Practice / Legal conformity   | <i>The Council does not have to strictly adhere to the Transparency Code and publish all elements.</i>                       |   |

### Technical Observations and Further Recommendations:

In accordance with the guidance of the JPAG 2024 1.5, the Council needs to have appropriate evidence to support a 'yes' answer to an assertion and therefore **each** assertion in respect of Section 1 of the Annual Governance and Accountability Return for 2024/25 should be referenced with **each** decision in a set of formal minutes.

Agendas include a summons to Councillors and are signed by the Clerk. However, it was noted that whilst comprehensive reports are sent with agendas to Councillors to enable them to make informed decisions, these reports are not published with the agenda. It could be seen that the electorate may be at a disadvantage not knowing if they wish to speak on an agenda item without sight of this information. Council and the Parish Clerk may wish to give this some consideration.

It is pleasing to note that the Clerk has undertaken various training since appointment and is keen to progress to CiLCA. This is good practice to keep up with sector and legislative changes. Both Staff and Councillors should be supported in training as it is of great benefit, not only to professional development, but to the Council.

The Council has an adequate storage system for both digital and hard copy documentation and is improving this by installing fireproof storage. The Council does need to adopt a Document Retention Policy though.

There will be some changes to the 2025/26 AGAR documentation. It is therefore recommended that the Clerk become familiar with the proper practices outlined in the Practitioners Guide 2025 which is now available.

### Conclusion

It is evident that Fyfield Parish Council is a proactive Council for its community. The Clerk's progress in her first year is to be commended with competent systems already introduced and positive changes evident.

These recommendations are offered to further enhance the Council's internal control framework and do not detract from the work already undertaken.

My thanks are given to the Parish Clerk for providing documents on time and for her assistance which has ensured the smooth progress of the review process.

This report should be noted and taken to the next meeting of the Council for minuting to inform them of the Internal Audit work carried out.

If you would like any further assistance or clarification, please do contact me.

*Helen Simmons*

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Internal Auditor