Forncett Parish Council

Internal Audit Report
Financial Year 2024/25

Prepared by Sonya Blythe
11 April 2025

I have completed an internal audit of the accounts for Forncett Parish Council for the year ending March 2025.

My findings are detailed below using the tests provided in the Governance and Accountability (England) guidance.

Internal control	Test	Observations
Proper bookkeeping	Is the cashbook maintained and up to date?	Yes
	Is the cashbook arithmetically correct?	Yes
	Is the cashbook regularly balanced?	Yes
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Yes
	Date Standing Orders last reviewed	May 23 minutes
	Date Financial Regulations last reviewed	May 24 minutes
	Has a Responsible finance officer been appointed with specific duties?	Clerk is RFO
	Are payments in the cashbook supported by invoices, authorised and minuted?	Yes, evidenced from invoices to bank statements and minutes
	Has VAT on payments been identified, recorded and reclaimed?	Yes, VAT column in cashbook, reclaim received April 24
	Is s137 expenditure separately recorded and within statutory limits?	N/A
	Have S137 payments been approved and included in the minutes as such?	N/A
Risk management arrangements	Does a review of the minutes identify any unusual financial activity?	No
	Do minutes record the council carrying out an annual risk assessment or review of their risk management scheme?	Yes, May 24 and March 25
	Is insurance cover appropriate and adequate?	Liability cover in place. Couldn’t see fidelity cover?
	Are internal financial controls documented and regularly reviewed?	May 24 minutes

Internal control	Test	Observations
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	2425 – November 23 minutes 2526 – December 24minutes
	Has the precept been calculated from the budget and been approved?	24/25 – recorded as £12000 2526 – recorded as £12000
	Does the budget include an actual completed year?	No – see note
	Is actual expenditure against budget regularly reported to the council?	No – see note
	Are there any significant unexplained variances from budget?	No
Income controls	Is income properly recorded and promptly banked?	Yes
	Does the precept recorded agree to the Council Tax authority's notification?	Statement £12000 Remittance £12000
Petty cash procedures	Is all petty cash spent recorded and supported by VAT invoices/receipts?	N/A
	Is petty cash expenditure reported to each council meeting?	N/A
	Is petty cash reimbursement carried out regularly?	N/A
Payroll controls	Do all employees have contracts of employment with clear terms and conditions?	Yes, seen previously
	Do salaries paid agree with those approved by the council?	Yes
	Are salaries above the National Living Wage/Minimum Wage?	Yes December - national pay award implemented
	Are other payments to employees reasonable and approved by the council?	Yes
	Have PAYE/NIC been properly operated by the council as an employer?	Yes P60 provided and payslips seen

Internal control	Test	Observations
Asset controls	Does the council maintain a register of all material assets owned or in its care?	Yes
	Are the assets and Investments registers up to date? When were these last reviewed?	March 24 (no items added 2425)
	Do asset insurance valuations agree with those in the asset register?	Yes
Bank reconciliation	Is there a bank reconciliation for each account and is this reported to council?	Yes
	Is a bank reconciliation carried out regularly and in a timely fashion?	Report provided to Council at each meeting
	Are there any unexplained balancing entries in any reconciliation?	No
	Is the value of investments held summarised on the reconciliation?	N/A
Year-end procedures	Are year-end accounts prepared using the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Yes, R&P
	Do accounts agree with the cash book?	AGAR – £24441 Statements - £24455.10
	Has a year-end bank reconciliation been undertaken?	Reconciliation - 24455.10
	Is there an audit trail from underlying financial records to the accounts?	Yes, cashbook matched to bank statements
	Where appropriate, have debtors and creditors been properly recorded?	N/A
Procedural	Is eligibility for the General Power of Competence properly evidenced?	Yes
	Have points raised on the last Internal Audit report been considered by council and actioned?	Email management – the JPAG Practitioners Guide states that “every authority should have an email account that belongs to the council. No (see note) Your Financial Risk assessment should be reviewed annually along with the general risk assessment, so that you are confident all risk is being managed. Yes

Internal control	Test	Observations
		It might be helpful to update your asset list, so that it includes the purchase date of items (for items going forward) and also a new column for the replacement cost of items. Although the AGAR requires the purchase price of items be reported, from an insurance point of view the replacement cost column is helpful to check that your insurance is adequate. The annual review of the asset list should also be minuted. No
Transparency: For smaller councils with turnover under £25,000	Minutes for whole year on website?	Yes
	Agendas for whole year on website?	Yes
	Payments over £100 detailed on website?	Yes
	Electors' rights advertised on website?	Yes
	Councillors' responsibilities detailed on website?	Yes
	Last financial year's AGAR on website?	No – see note
	Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use)	No (no land owned)
Burial Authorities only	Are fees levied in accordance with the Council's approved scale of fees and charges?	N/A
	Have fees for the cemetery been reviewed and agreed by Council?	N/A
	Were comparisons made with other cemeteries prior to setting the fees?	N/A
	Have burial books been kept up to date and are they safely stored?	N/A

Internal control	Test	Observations
Allotments only only	Has a list of allotment holders with amounts paid to Council been submitted?	No – not managed by the PC
	Have fees for the allotments been reviewed and agreed by Council?	Fees set by landowner
Councils with charities only	Have Charities reported and accounted separately?	N/A
	Have the Charity accounts been independently audited?	N/A
	Have the Charity accounts and Annual Return been filed within the legal time limit?	N/A
ICO	Is Council registered with the Information Commissioners Office?	November bank statement
General Data Protection Regulations	Has the Council adopted a Data Protection Policy?	Yes, reviewed February 25
	Has the Council put in place Privacy Notices?	Yes
Other		N/A

Thank you to Anne for supplying everything so promptly.

- I have checked through your accounts and confirmed them against income and expenditure receipts, as well as against payments in your cashbook. Bank reconciliations are regularly carried out for the accounts.

- I have confirmed that your Financial Regulations and Standing Orders are up to date.

- I have noted that your VAT has been claimed within the past year.

- I have verified that your insurance is adequate.

- I confirm that your payroll management meets requirements

- I have reviewed your budget setting process

- I have reviewed the AGAR against your year-end bank reconciliations and your accounts

Notes / recommendations for 25/26:

Recommendations:
Email address – the JPAG Practitioners Guide states that "All Parish, Town and Community Councils are eligible to use, and are advised to use, a .gov.uk domain for their websites and email communications. Your community, suppliers and partners will now reasonably expect a local council to have a .gov.uk domain name". This is advice rather than a requirement, so I flag it for information only.

Asset list - It might be helpful to update your asset list, so that it includes the purchase date of items (for items going forward) and also a new column for the replacement cost of items. Although the AGAR requires the purchase price of items be reported, from an insurance point of view the replacement cost column is helpful to check that your insurance is adequate. The annual review of the asset list should also be minuted.

Matters directly from the AGAR annual internal audit report:
"Box D -The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate". From your minutes I cannot see that Council received regular budget updates. I also couldn't see a full completed financial year on the budget setting document. I have ticked yes on the assertion, as Council received regular financial updates, but in future these should include spend against budget updates at least quarterly. For budget setting it is also important that Council has a full completed year to view, as well as the current year and forthcoming year.

"Box N - The authority complied with the publication requirements for the prior year AGAR".
Unfortunately it appears the AGAR was not published on your website, which is a requirement of the Transparency Code. I have therefore had to write No to the statement.

Sonya

Sonya Blythe
Internal auditor