Parish Council

Internal Audit Report

For Great Ellingham Parish Council

Financial Year 24/ 25

Prepared by Carol A Bailey

BA (Hons) CiLCA PIALC MAC

I have completed an internal audit of the accounts for Council for the year ending 31st March 2025.My findings are detailed below using the tests provided in the **Governance and Accountability(England) March 2023.**

I would like to thank the Clerk/RFO for providing me with all the information required for the Internal Audit.

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 - both are adopted
	Date Standing Orders last reviewed	I can find no evidence of Standing Orders being reviewed – see end note re Policies
	Date Financial Regulations last reviewed	These last appear to have been reviewed in 2021 – see end note re Policies
	Has a Responsible Financial Officer been appointed with specific duties?	Yes – Clerk is RFO
	Have items or services above the de minimus amount been competitively purchased?	No items or services above the de minimus amount
	Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?	There are several invoices missing including all bank charges invoices
	Has VAT on payments been identified, recorded and reclaimed?	VAT has been identified and recorded but has not been claimed during the year. £1080.83 due to be claimed during 2025/2026
	Has s137 expenditure been approved and separately recorded and within statutory limits? (where applicable)	Various donations are shown in the minutes but not declared as S137 payments either in the minutes, the cashbook or the accounts – see end note
	Are Financial Regulations followed?	Yes
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?	No
	Is insurance cover appropriate and adequate?	The Council were found to have no insurance cover for the 2024/2025 year

Internal control	Test	Observations
	Are internal financial controls documented and regularly reviewed?	No
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	On 15/12/2023 Min 3 stated "draft budget presented" but there is no copy available with the minutes or on the website
	Has the precept been calculated from the budget and been approved?	The Precept was agreed on 15/12/2023 Min 3 at an amount of £12,000 – an increase of 14.29%
	Does the budget include an actual completed year?	No budgets available to ascertain so not evidenced
	Is actual expenditure against budget regularly reported to the council?	No
	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?	Yes
	Are security controls over cash and near-cash adequate and effective?	No cash held
Payroll controls	Do all employees have contracts of employment with clear terms and conditions?	Yes
	Do salaries paid agree with those approved by the council?	Clerk is on Point 18 £15.84 per hour
	Are salaries above the National Living Wage/Minimum Wage?	Yes
	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 – HMRC Basic Tools is used
Asset controls	Does the council maintain a register of all material assets owned or in its care?	Yes – updated in the 2025/2026 financial year in order to set up Insurance Policy
	Are the assets and Investments registers up to date? When were these last reviewed?	See above

Internal control	Test	Observations
	Do asset insurance valuations agree with those in the asset register?	See above
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?	No
	Are there any unexplained balancing entries in any reconciliation?	No
	Is the value of investments held summarised on the reconciliation?	No investments held – Current and Money Manager Deposit account held
Year-end procedures	Are year-end accounts prepared using the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Yes
	Do accounts agree with the cash book?	Yes
	Has a year-end bank reconciliation been undertaken?	Yes
	Is there an audit trail from underlying financial records to the accounts?	Not for all invoice payments
	Where appropriate, have debtors and creditors been properly recorded?	Yes
Procedural	Have points raised on the last Internal Audit report been considered by council and actioned?	2023/2024 Internal Audit Report not seen – not on website
	Policy documents routinely updated?	No – see end note
Transparency: For smaller councils with turnover under £25,000	Minutes for whole year on website?	No – only to October
	Agendas for whole year on website?	No – only to October
	Payments over £100 detailed on website?	No
	Electors' rights advertised on website?	No

Internal control	Test	Observations
	Councillors' responsibilities detailed on website?	No – nor are they minuted
	Last financial year's AGAR on website?	No
	Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use)	No
General Data Protection Regulation (compliance from 25 May 2018)	Has the Council put in place a privacy policy? Is it on the website?	Yes Yes
FOI Publication Scheme	Is there an FOI Publication Scheme? Is it on the website? Is it updated?	Yes Yes No – it is out of date and still includes the details for a previous Clerk

Summary of my recommendations:

For the benefit of this report, it should be noted the Council has had an exceptionally difficult year. The current Clerk was appointed in February 2025 following the previous Clerks hasty departure after only a year in post. During that year the 2023/2024 AGAR was not signed or lodged on time, no insurance was paid and the Internal Auditor was not paid. Therefore, the comments on this report refer to that period of time and since February 2025 the current Clerk has been working exceptionally hard to attempt to move the Council on to a secure, open and transparent footing and the Councillors should be extremely grateful they are now employing a Clerk with the relevant experience to sort matters out.

Points raised in this report:

1. Standing Orders and Financial Regulations – both of these policies are on the website but have not been reviewed for several years. Reviews of both should undertaken as a matter of urgency.

2. There are several invoices missing from the paperwork although the current Clerk has endeavoured to find as many as possible. It is to her credit that the year end accounts balance.

3. There is a VAT claim of £1080.83 outstanding at the end of 2024/2025 that had not been claimed. I understand from the Clerk this will be rectified during 2025/2026.

4. There are several donations made during the year, but it is unclear whether these were made under S137 or General Power of Competence. Either way it should be minuted, logged in the cashbook and on the end of year accounts separately under whichever power was used.

5. The Council were found to have no insurance cover for the 2024/2025 financial year and this is of serious concern as should a problem have occurred the Council would have been unable to make any type of claim. The Clerk has ensured that insurance has been introduced for the 2025/2026 financial year.

6. There do not appear to be any internal financial controls in place – I would recommend a Councillor be appointed to act as the Internal Control Officer to ensure all accounting procedures are updated on a regular basis. For a Council of this size, I would recommend these checks be carried out on a quarterly basis.

7. The Clerk has now updated the Asset Register to endable the Insurance Policy to be set up.

8. The website needs updating as a matter of urgency to include all items that require lodging – agenda, minutes, last years AGAR and associated papers, Internal Audit Reports, Notice of Electors Rights and all new updated policies.

I would thank the Clerk for providing everything she was able to given the circumstances in which she took over the position. I am confident that moving forward the Clerk, with the support of Council, will turn around the current problems and next year's internal audit will give much different results.

As stated previously the comments in this report in no way reflect on the current Clerks performance.

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