

Parish Council

Internal Audit Report

For Pulham Market Parish Council

Financial Year 2024/2025

Including Explanatory Notes for Annual Governance & Accountability
Return
(where a 'no' has been marked)

Prepared by Tina Newby
20th April 2025

Mrs Tina Newby
33 Tudor Rose Way
Harleston
Norfolk
IP20 9QH
tina.newby0521@gmail.com
07858518636

I have completed an internal audit of the accounts for Pulham Market Parish Council for the year ending 2024/2025
My findings are detailed below using the tests provided in the **Governance and Accountability (England) 2024**.

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

Total Receipts	£44,506.26
Total Payments	£48,140.07
Total Reserves	£65,593.26
Precept 2024/2025	£30,030.00

Internal Audit Report 2024-2025

<https://www.pulham-market.co.uk/>

A	Appropriate accounting records have been properly kept throughout the year. And Periodic bank account reconciliations were properly carried out during the year.		
	<i>Test</i>	<i>Response</i>	<i>Notes</i>
	Ensure the correct roll forward of the prior year cashbook balances to the new financial year	Yes	Closing balance 23/24 is 24/25 opening balance £69,227.07
	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	Yes	All Correct
	Ensure that bank reconciliations are prepared routinely, are subject to independent scrutiny and sign-off by members	Yes	All completed and signed off
	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, line 8.	Yes	Correct
	Where the authority has bank balances in excess of £100,000 it has an appropriate investment strategy.	n/a	

B	This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT appropriately accounted for.		
	Review the procedures in place for acquisition of formal tenders and quotes, ensuring they are in line with the SOs and FRs which should be based on the latest version	Yes See notes	SOs and FRs differ in procurement values
	Ensure that consistent values are in place for the acquisition of formal tenders between SOs and FRs (frequently different limits are recorded in two documents)	No	See notes below
	Review the procedure for receipts 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	Yes	All very good. No certification stamp.
Select a sample of payments made from the bank account(s), for example by choosing a bank statement for a particular month. The sample size selected should be sufficient to have a reasonable view of the council's practices. Where possible all transactions of an abnormally high value for the Council should also be subject to detailed review.			
	Check that there is effective segregation between the writing of cheques of the setting up of online payments, and physical release of payments.	Yes	All described as they should
	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	Yes	2023-2024 was paid into bank May 2024. 2024-2025 reclaim has been submitted for £6,156.67
	Where a debit/credit cards are in use, establish the total monthly and individual transaction limits and ensure appropriate controls over physical security and usage of the cards are in place	n/a	No cards in use

Recommendations 1

The procurement levels should be the same in both Financial Regulations and Standing Orders. Both have been reviewed in 2024, please make sure you have the current version.

C	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.		
	Ensure that authorities have prepared, and formally adopted, at least one annually, an appropriate and comprehensive register of assessed risks, both regular and ad hoc.	Yes	Evidenced £680,722.13. Approved
	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	Yes	Premium valid 1/6/24-31/5/25, expire 2027 Employers' Liability £10,000,000 Public and products liability £10,000,000 Fidelity Guarantee £250,000 Officials Indemnity £500,000 No cyber security or business interruption
	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	Yes See notes	RoSPA report completed.
	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	Yes	
	Review the effectiveness of internal control carried out by the authority	Yes	

Observation 1

Please make sure that your play areas are checked on a regular basis by trained volunteers.

Part of the Proper Practices 2024 asks for evidence of cyber security and business interruption on the insurance. You may want to consider this at the next insurance renewal.

D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.		
	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	Yes	Precept for 24/25 was approved in 11 th January 2024 £30,030.00 Precept for 25/26 was approved as £30,430. Approved at Full Council
	Ensure that current year budget reports are prepared and submitted to Authority/Committees periodically during the year with appropriate commentary on any significant variances	Yes	Prepared regularly throughout the year
	Review the budget performance either during the year or at financial year-end seeking explanations for any significant or unanticipated variances	Yes	Evidenced
	Ensure that the Authority has considered the establishment of specific earmarked reserves and, ideally, reviews them annually as part of the budget assessment process	Yes See notes	Total reserves £65,593.26
	Ensure that the precept received in accounts matches the prior year submission form to the relevant authority and the <u>public record of precepted amounts</u>	Yes	All correct

Recommendation 2

Your general Reserves are approx. 50% of the precept. Proper Practices, quote that it would be best to have general reserves up to 12 months costs. Try and increase your general reserves.

E	Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.		
	Review 'aged debtor' listings to ensure appropriate follow up action is in place	Yes	Asset register completed and agree with AGAR
	Allotments: ensure that appropriate signed tenancy agreements exist, that an appropriate register of tenants is maintained identifying, that debtors are monitored.	Yes See notes	All correct
	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)	Yes	Evidenced
	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	n/a	Parish Council is not in charge of the village hall hire.
	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	n/a	No leases
	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	Yes	All correct and in order
	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	n/a	

Observation 2

Please make sure that you hold all the signed allotment rent tenancy agreements

F	Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for		
	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	n/a	No petty cash
	Review the systems in place for controlling any petty cash and also cash floats (used for bar, catering, etc)	n/a	No cash floats
	Check a sample of transactions during the financial year to ensure appropriate supporting documentation is held	n/a	
	Ensure that VAT is identified wherever incurred and appropriate	n/a	
	Physically check the petty cash and other cash floats held	n/a	
	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	n/a	

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.		
	Ensure that, for <u>all staff</u> , a formal employment contract is in place together with a confirmatory letter setting out any changes to the contract	Yes	Contract is in place, Parish Council has one staff member, the Clerk
	Ensure that appropriate procedures are in place for the payment of members allowances and deductions of any tax liability	Yes	Using HMRC RTI tools
	Ensure that, for a sample of staff salaries, gross pay due is calculated in accordance with the approved spinal point on the <u>NJC</u> scales or hourly rate, if off-scale, and also with contracted hours	Yes	Evidenced
	Ensure that appropriate tax codes are being applied to each employee	Yes	
	Where <u>free</u> or <u>paid for</u> software is used, ensure that it is up to date.	Yes	Using HMRC RTI tools that have will be automatically updated
	For a test sample of employees, ensure that tax is calculated appropriately	Yes	
	Check the correct treatment of Pension contributions	n/a	No Pension
	For NI, ensure that the correct deduction and employer's contributions are applied. NB: The <u>employers allowance</u> is not available to councils but may be used by other authorities	Yes	All deductions calculated and paid. There are no 'employers allowances
	Ensure that the correct employers' pension percentage contribution is being applied	n/a	No pension
	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.	Yes	All Ok

H	Asset and investment registers were complete and accurate and properly maintained. This section/assurance should be extended to include loans to or by the authority		
	<p>Tangible Fixed Assets:</p> <ul style="list-style-type: none"> • 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 • 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 the forward planning for asset replacement • Additions and disposals records should allow tracking from the prior year to the current • Ensure that the asset value to be reported in the AGAR at section 2, line 9 equates to the prior year reported value, adjusted for the nominal value of any new acquisitions and /or disposals • Compare the asset register with the insurance schedule to ensure that all assets are recorded appropriately insured or “self-insured” by the Authority. 	Yes	All in order £680,722 on the AGAR
	<p>Fixed Assets Investments:</p> <ul style="list-style-type: none"> • Ensure that all long-term investments (ie those for more than 12 month terms) are covered by the <u>Investment Strategy</u> and reported as assets in the <u>AGAR at section 2 line 9</u> 	n/a	
	<p>Borrowing and Lending:</p> <ul style="list-style-type: none"> • Ensure that the authority has sought and obtained appropriate <u>DMO approval</u> for all loans acquired • Ensured that the authority has accounted for the loan appropriately (ie recorded in full value of the loan. Any arrangement fee should be regarded as an admin expense) in the year of receipt • Ensure that the combined principal loan repayment and interest for the 	n/a	No loans

	<p>year is correctly recorded in the AGAR at section 2, line 5.</p> <ul style="list-style-type: none"> • 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) • 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 debit 	
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I	Periodic bank account reconciliations were properly carried out during the year.		
	Verify that bank reconciliations are prepared regularly, for all Council bank accounts.	Yes	All completed
	Verify that bank reconciliations are subject to independent review by members and that they are signed and dated as evidence of this review.	Yes	Authorised
	Verify that the bank statements are periodically independently verified to the balances stated in bank reconciliations.	Yes	Evidenced
	Verify the accuracy of the year-end bank reconciliation and agree it to supporting bank statements.	Yes	Year end done
	Review and clarify the nature of any uncleared transactions.	n/a	No uncleared transactions
	Verify that the Council has in place robust procedures for the physical verification of any cash floats or deposits held and that any balances held as at the 31 st March have been subject to independent review and confirmation.	Yes	

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.		
	<i>Note: this checklist is intended for use only by internal auditors of councils who prepare their accounts on a Receipts and Payments basis, consequently there is no guidance given here in respect of testing of debtors, creditors and accruals. Detailed guidance on the Accounting Statements can be found in Section 2 of The Practitioner's Guide and Internal Auditors should refer to that for specific guidance.</i>		
	<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 detailed reported at <u>section 2 of the AGAR</u> reflects the detail in the accounting records maintained for the financial year. Consequently, IAs should</p> <ul style="list-style-type: none"> • Ensure that, where annual turnover exceeds £200,000 appropriate records are maintained throughout the year in an Income and Expenditure basis to facilitate budget reporting in that vein • Ensure that appropriate accounting arrangements are in place to account for debtors and creditors during the year and at the financial year-end 	Yes	Using Part 3 as over £25,000

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.		
	<p>IAs should ensure that, <u>all relevant criteria are met</u> (receipts and payments each totalled less than £25,000)</p> <ul style="list-style-type: none"> • 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 noticeboards. 	N/a	Over £25,000

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 any relevant transparency code requirements		
The requirement here is for Councils with income or expenditure below £25,000 to publish information as set out in The Transparency Code for Smaller Authorities			
	Verify that the Council has published, for the prior financial year, all the information as required by the Transparency Code as set out in Annex A of the code. All items of expenditure above £100 <ul style="list-style-type: none">○ End of year accounts○ Annual governance statement○ Internal audit report○ List of councillor or member responsibilities○ Location of public land and building assets○ Minutes, agendas and papers of formal meetings	n/a	Not under £25,000
The requirement here is for Councils with income or expenditure above £200,000 to publish information as set out in The Transparency Code for Smaller Authorities			
	Verify that the Council has published, for the prior financial year, all the information as required by the Transparency Code as set out in Annex A of the code. All items of expenditure above £500 <ul style="list-style-type: none">○ End of year accounts○ Annual governance statement○ Internal audit report○ List of councillor or member responsibilities○ Location of public land and building assets○ Minutes, agendas and papers of formal meetings	n/a	Not above £200,000
The requirement here is for Councils with income or expenditure below £200,000, but £25,000 to publish information as set out in The Transparency Code for Smaller Authorities			
	There is no requirement	Yes	Parish Council makes under this bracket. There are no requirements under this bracket

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.		
	Verify that the Council published, including on its website, the Notice for the Period for the Exercise of Public Rights	Yes	Default dates used 3 rd June 2024 – 12 th July 2024
	Verify that the 'Announcement Date' was a date after the Council approved the Annual Governance Statement and Accounting Statement.	Yes	Not the same date
	Verify that the 'Announcement Date' was the working day prior to the Commencement Date (they cannot be the same date)	Yes	Different dates
	Verify that the period set was for exactly 30 working days.	Yes	Using default dates
	Verify that the period set included the first 10 working days in July	Yes	
	The Internal Auditor should also review whether the Council confirmed in Minutes the dates set (this is not a statutory requirement, but it is accepted as audit evidence that the Council complied with the publication requirements)	Yes	Evidenced 13/5/24 minutes

N	The authority complied with the publication requirements for the prior year AGAR.		
	Verify that the Council published the Annual Governance Statement on its website	Yes	Evidenced
	Verify that the Council published the Accounting Statements on its website	Yes	Evidenced
	Verify that the Council published the External Auditor report on its website	Yes	Evidenced
	Verify that the Council published the Notice of Conclusion of Audit on its website.	Yes	Evidenced

O	Trust funds (including charitable) - the Council met its responsibilities as a trustee		
	<ul style="list-style-type: none"> • 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 <u>Charity Commission register</u> • That the council is acting in accordance with the <u>Trust deed</u> • That the charity meetings and accounts are recorded separately from those of the council • Review the level and activity of the charity and where a risk based approach suggest such, review the <u>Independent Examiners</u> report 	n/a	Parish Council do not have Trust within this account

Internal Control – additional	Test	Observations
Payment controls	Is s137 expenditure separately recorded and within statutory limits	Yes, no GPoC
Risk management arrangements	Does a review of the minutes identify any unusual financial activity?	No unusual financial activity
	Does the minutes record the council carrying out an annual risk assessment or review of their risk management.	Yes
	ICO certificate and in date	Expires 13 th October 2025
Procedural	Is eligibility for the General Power of Competence properly evidenced?	Yes, but not used
	Have points raised on the last Internal Audit report been considered by council and actioned?	Yes
	Has last years minutes recorded the appointment of an Internal Auditor and agreed the costings	Yes
Transparency: For smaller councils with turnover under £25,000 and over £200,000	Minutes for whole year on website?	Yes
	Agendas for whole year on website?	Yes
	Electors' rights advertised on website?	Yes
	Councillors' responsibilities detailed on website?	Yes and also there is a link to the register of interests.
	Last financial year's Annual Return on website? Up to 5 years historic returns are needed	Yes
	Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use)	Yes
General Data Protection Regulation (compliance from 25/5/2018) and UK GDPR 2018	Has the Council adopted a Data Protection Policy?	Yes
	Has the Council put in place Privacy Notices?	Yes
	Is there evidence of the policies on the website	Yes
Emails	Has Data Protection been built into the general procedures, processes and policies of the Council?	Yes
	Has the Councils adopted the gov.uk emails	No see notes

	Does the Clerk have an generic emails address .gov.uk	No see notes
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Recommendation 3

Under the GDPR there is a requirement to have 'non' personal email accounts, for the councillors and the clerk. This is so, they can be removed when the councillor leaves. Please try and convert to gov.uk or org.uk email addresses.

Thank you very much for a very good set of accounts.

Signed:

Fina Newby

Date:

20th April 2025