

September 6, 2025

## **Bratton Fleming Parish Council Internal Audit Report 2024/25**

Testing was carried out using sampling and covering a range of financial, risk and governance assessed as appropriate for a council of this size and complexity.

The findings are reported below:

### ✓ **Governance and Control**

All councils of whatever size are required to annually prepare and consider:

- A general and financial risk assessment covering the council's activities.
- A statement of internal control.
- Annually review any charges for services whether or not they are increased and record this in minutes.

Councils under £25,000 turnover are legally required to publish on a website disclosure of information required by the Transparency Code for Smaller Authorities 2014.

Councils with total turnover or expenditure over £25,000 are subject to the requirement of the Freedom of Information Act, where it is a requirement that public bodies publish certain information on their website, and should as best practice comply with the Local Government Smaller Bodies (Transparency Requirements) Regulations 2015.

Councils should ensure compliance with the new rules regarding General Data Protection Regulations (GDPR), that came into effect in May 2018.

Councils should have in place and periodically review:

- ✓ Standing orders for the conduct of council meetings are required by law and should be periodically review and changed to reflect current legislation
- ✓ Financial regulations for the control of its financial administration are required by law and should be periodically reviewed for either changes in legislation or internal control procedure changes.
- ✓ Any Council moving away from 2 cheque signatories by Councillors and utilising online banking, should have procedures and controls in place to establish appropriate safeguards.

***The parish council have carried out reviews of a number of policies and procedures in the audit year, however, many of the versions on the website are not the most current. These should be added as soon as possible. In addition, the Statement of Internal Control was not formally adopted, but deferred to a subsequent meeting.***

***There has been no review of the council's Risk Assessment for at least two audit years. This is particularly important because of the level of council activities. An annual review is recommended.***

***The council website, set up in 22/23, does not include the required documents to comply with the Transparency Code for 2023/24 accounts. The Annual Governance and Accountability Return (AGAR) for 2023/24 is an incomplete version. In particular, the certificate from the external auditor has not been published.***

✓ **Precept, Budgets and Reserves**

The precept was agreed to the minute setting the precept, the principal authority tax collecting authority records. The receipt was traced and agreed to bank and cash book records. The precept was set after consideration of a budget and consideration of an appropriate level of free reserves (the General Fund) which is generally accepted should lie between 3 and 12 months' expenditure.

***Generally satisfactory, although, the council's balances still appear high at over 3.5 x the 2025/26 precept. Reserves and future projects to justify the continued increase were previously identified, however, there are no Earmarked Reserves shown on the budget statement and are not fully reported in the budget setting minutes.***

***The balance held at the yearend for the ring-fenced funds from the Woodland Group should be shown as a note to the accounts. This was recommended at the last audit.***

✓ **Composting Group**

Normally information obtained by the clerk with regards the Composting Group is presented at audit with the summary of income, expenditure and year-end balances included in the summary of accounts and the annual return. These are tested as part of the audit.

***At this audit limited information was provided for the audit. The Composting Group, as a sub-committee of the council, are bound by the rules governing parish councils concerning approving payments. When payments are brought to meetings for approval by the full council, any discussion regarding those payments should be minuted. More comprehensive details with supporting evidence should be provided for the next audit.***

✓ **Other Receipt or Income**

A sample of other receipts was tested to ensure that, as appropriate:

- That grants and interest were correctly recorded in the cash book and agreed to bank statement.
- Chargeable services were correctly and promptly charged to the beneficiaries of those services and that arrangements were in place to pursue late payment.

***VAT has been reclaimed during the year, but potential unclaimed VAT has been identified, for the period between 1<sup>st</sup> February and 31<sup>st</sup> March 2024. An anomaly with the accounting system has been highlighted for investigation.***

***At the last audit it was highlighted that bank interest rates had significantly improved in the previous 12 months and that, the council should keep greater funds on deposit to maximise the benefits for council finances. Whilst the council have now agreed to invest some of the council's funds in an interest earning account, this was not actioned in 2024/25 with a potential further loss estimated at over £1k.***

***The tenancy agreement for the shop has still to be finalised. This has been the case for several years. For the rental period from 1<sup>st</sup> April 2023, the council have made a special agreement relating to the rental liability. The aim being to continue this facility, which benefits local parishioners. The council have agreed to review reports relating to the financial position in this respect quarterly. These reports were not provided at audit, however, the figures confirm that the arrangement agreed has been maintained. This should continue to be closely monitored by the council and if the special agreement is not maintained, the council may wish to seek professional advice.***

***The council should also follow up the agreement with allotment holders and the clerk be provided with a copy to retain for safekeeping.***

✓ **Staff Cost**

Testing was carried out as appropriate to ensure that:

- Rates of pay were as approved by Council.
- Additional hours worked were approved and supported by time records.
- Employees are paid in accordance with contractual obligations and on the correct pay date.
- Employees have a written statement of principal terms and conditions.
- That PAYE and NI are operated and paid promptly.

***Generally, satisfactory, however, a minor issue has been highlighted for the clerk to query. It was also noted that there was some delay in making payment to HMRC. All payments to HMRC should be made promptly***

✓ **Payments including Bank**

A sample of payments were tested as appropriate to confirm:

- Payments are made in accordance with financial regulations.
- Payments are supported by invoice, receipt, expense claim or other appropriate documentation.
- Grant payments are subject to a proof of need assessment and are required to be evidenced as spent for the approved purpose and unless having the general power of competence are made within permitted powers.
- Cheque payments are promptly cleared.
- Where payments are made other than by cheque, that they are appropriately authorised in line with council policy.

***Generally satisfactory. All invoices where VAT is reclaimed should be in the name of the parish council.***

***Best practice suggests that where grants are agreed, accounts are seen from the organisation to confirm the "need" before public monies are granted. This review by the council should be minuted. This includes grants recommended by the Compost Group.***

✓ **Insurance**

Insurance cover was reviewed as appropriate to confirm

- Adequate Fidelity Guarantee cover in place
- Range of cover in place has been reviewed at renewal and this has been recorded in the council minutes
- By sample test that assets other than land that appear on the Fixed Asset Register are insured or if not that there has been a decision not to cover them (for example because the excess is greater than the asset value insured).

***Satisfactory.***

✓ **Fixed Assets**

Tests were carried to confirm as appropriate:

- Fixed asset register is up to date.
- Additions have been correctly identified and a system exists for the identification of fixed assets.
- That the disposal by scrapping, selling or part exchange of assets has been approved by council.
- That where an insurance value has been used as the cost of an asset was unknown that the value is not increased as the insured value increases.

***An asset register has been established to confirm parish holdings. The council should further expand on the information included by reference to the Practitioners guide. For example, basis of valuation, location of deeds, if applicable. This is particularly relevant for the community woodland and land at Millennium Green car park.***

***In addition, as recommended last year, assets to be added are the school iPads, which minute dated 21<sup>st</sup> January 2021 confirmed would stay as council assets and the chipper. The latter was donated and could be included as a Community Asset and valued at £1, as the value is unknown.***

***The asset register provided at audit totals £99,403, but the AGAR figure is £116,875. A reconciliation will be required for the external auditor to explain this increase. A copy should also be provided to this auditor.***

***An amendment is required to the 2024/25 AGAR in box 3, other receipts and box 6, other payments due to the inclusion of inter account transfers between the general account and the council's compost account.***

***Do not hesitate to request further information if recommendations are unclear.***

***Kind regards***

***Julie***