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Bratton Fleming Parish Council
Internal Audit Report 2025/26

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.

Generally satisfactory. The parish council have a complaint ".gov.uk" website, with appropriate clerk and councillor email addresses.

Reviews of a number of policies and procedures have been carried out in the audit year, including the council Risk Assessment; however, many of the versions on the website are not the most current. These should be added as soon as possible.

✓ **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 4 times the 2026/27 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 previous audits.

✓ **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.

As at previous audits, 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.

A number of payments in the year have been paid from the general parish account rather than the composting account. A settling should be agreed between these accounts.

✓ **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 appropriately and promptly during the year, but potential unclaimed VAT has been identified, for the period between 1st February and 31st March 2024. An anomaly with the accounting system was highlighted for investigation at the last audit. This does not appear to have been resolved and action should be taken as soon as possible.

The council have taken action with regards to investment of balances and earned over £600 in 2025/26, however, there is still a considerable sum in the current account, which could provide additional interest income of the council.

The tenancy agreement for the shop has still to be finalised. This has been the case for several years. For the rental period from 1st 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 figures confirm that the arrangement agreed has been maintained in 2025/26.

✓ **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.

Satisfactory. No issues.

✓ **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.

✓ **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.

Consideration be given in the coming year to adding the Compost Group chipper to the asset register. It was donated and could be included as a Community Asset and valued at £1, as the value is unknown.

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

Kind regards

Julie