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The Councillors
Chaddleworth Parish Council
c/o Mr D Jennings
The Hollies
Chaddleworth
Newbury
Berkshire RG20 7EJ

20th December 2024

Dear Councillors

Internal audit for the year ended 31st March 2024

Local councils are required to have an internal audit of their accounting records and their system of internal control by Regulation 5 of the Accounts and Audit Regulations 2015. During my work in October and November 2024, I reviewed the financial systems and controls for the year, together with the financial statements and annual return.

My internal audit testing was based on the guidelines included in section 4 of the 2024 NALC Governance & Accountability Practitioners Guide (PG2024). My initial discussions with David confirmed the internal controls in place and a series of tests using the financial records, vouchers, minutes, previous audit reports etc were conducted to establish the effectiveness of these controls.

Overall conclusion

My review of the systems and discussions with David Jennings indicate that generally speaking, the Council finances were properly controlled. Payroll was operated correctly, quotations were obtained for purchases and income and expenditure were reported to Council. However, governance matters such as the exercise of public rights, completion of the AGAR and obtaining an internal audit on a timely basis were not correctly observed and had also not been correctly observed in the previous year either.

It has been clear to me during the conduct of the audit that the Clerk is working to ensure that these outstanding matters are resolved.

My detailed work is included in Appendix 1. I have signed the internal audit report on the AGAR with all applicable objectives having been met apart from the five exceptions as follows:

- Objective C Review of risk management not formally undertaken in the year
- Objective J Incorrect basis of accounts used for the AGAR
- Objective L Lack of up-to-date publishing of information on the website
- Objective M No exercise of public rights conducted
- Objective N Lack of publishing of documents relating to the AGAR

Appendix 2 lists the information that is required to be displayed on the website in accordance with Transparency Code requirements.

I trust that these comments are self-explanatory, but please do not hesitate to contact me if you would like any further details.

Yours faithfully

Claire Connell.

Claire Connell

Appendix 1 - Detailed report (structured around the questions in the Internal Audit Report on the AGAR)

<u>Annual Return Section</u>	<u>Assertion met?</u>	<u>Comments</u>
A. Appropriate accounting records have been properly kept throughout the financial year.	Yes	An Excel spreadsheet is used, kept up-to-date and is accurate.
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	Yes	The cashbook was reviewed for the year. A sample of payment invoices was checked to ensure that they had been approved, correctly paid and VAT treated correctly. No errors were found.
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	No	<p>Council minutes were scrutinised</p> <p>The insurance cover is a council specific policy obtained from Aviva through BHIB brokers.</p> <p>Financial Regulations were updated in May 2024.</p> <p><u>A new model template was released in May 2024 and I recommend that the Financial Regulations be reviewed during 2024-25 using this document.</u></p> <p>The risk management policy was not formally approved during the year although I note that it has been approved in 2024-25. On this basis I do not believe that the authority can evidence the assessment of significant risks.</p> <p><u>The risk management policy should be reviewed on an annual basis.</u></p> <p>My discussions with David however do indicate that at an operational level, risks have been managed.</p>
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	Yes	<p>The budget and precept were approved in January 2024.</p> <p>Financial reports were periodically made.</p>
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	Yes	<p>The precept was agreed to Council minutes and bank statements</p> <p>The outstanding VAT reclaims have been made during the year.</p>
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	N/A	No petty cash is maintained by Chaddleworth Parish Council.
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	Yes	<p>Salaries have been paid and the relevant submissions have been made to HMRC.</p> <p>I note that the back-pay arising from the pay review agreed by the National Joint Council was not implemented until the start of the following financial year.</p>

<p>H. Asset and investments registers were complete and accurate and properly maintained.</p>	<p>Yes</p>	<p>The fixed assets register was reviewed. This lists all the assets held by the Council but generally doesn't not include the purchase date of assets.</p> <p><u>I recommend that the asset register be thoroughly reviewed in 2024-25.</u></p>
<p>I. Periodic bank account reconciliations were properly carried out during the year</p>	<p>Yes</p>	<p>The year end bank reconciliation was checked and agreed to the bank statements.</p> <p>Periodic bank reconciliations were carried out during the year.</p> <p><u>PG2023 paragraph 1.10 states that bank reconciliations should be prepared on a regular basis and reviewed by members of the Council.</u></p>
<p>J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.</p>	<p>No</p>	<p>The annual return and supporting documentation for the annual return were reviewed.</p> <p>The annual return has been prepared on a semi-accruals basis although the Council has historically used the receipts and payments basis.</p> <p>I understand that the Council intends to revert to using the receipts and payments basis next year. This will entail restating the figures for 2023-24 so that they are on the receipts and payments basis and can therefore be compared against 2024-25 as per PG2024 paragraph 2.9.</p> <p>There is an adequate audit trail from underlying records.</p>
<p>K. If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt.</p>	<p>Yes</p>	<p>The parish council correctly certified itself as exempt in 2022/23.</p>
<p>L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation</p>	<p>No</p>	<p>At the time of my review, the required financial information was not available on the Council website.</p> <p>Please see Appendix 2 for a list of information that needs to be published.</p>
<p>M. In the year covered by the AGAR, the authority correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.</p>	<p>No</p>	<p>The Council did not provide for the exercise of public rights in the summer of 2023 (following completion of the 2022-23 AGAR).</p> <p>The external auditors provide a template for advertising the exercise of public rights which should be used next summer. This period is for 30 working days and must include the first 10 working days of July.</p> <p>Once the 23-24 AGAR has been approved by Council, the exercise of public rights should be conducted although it obviously won't include the first 10 days in July.</p>

N. The authority has complied with the publication requirements for the 2022/23 AGAR (see AGAR Page 1 Guidance Notes).	No	The Council did not publish all of the documents as required by page 1 of the AGAR.
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	N/A	The Council is not a sole trustee for any charities or trusts.

Appendix 2 – Transparency Code Documentation Required to be Published

When the Council has income and expenditure less than £25,000, it is required to comply with publishing requirements of the Transparency Code.

Other items are required to be published by legislation such as the Accounts and Audit Regulations and CIL legislation.

Item	Comments
All items of expenditure > £100	
End of year accounts	This should include <ul style="list-style-type: none"> • Accounting statement from the AGAR • The bank reconciliation as at the year end • An explanation of variances
Annual governance statement	
Internal audit report	
List of councillor responsibilities	The website shows a list of all councillors and identifies the Chairman and Vice-Chairman
Details of public land & building assets	The council doesn't own any land or building assets so a simple statement to that effect would suffice.
Minutes, agendas & meeting papers of formal meetings	Minutes and agendas are available on the website. Meeting papers should also be published
AGARs for the past five years	
CIL reports	The annual CIL report which is sent to WBC should be displayed on the council website.