

HEELIS&LODGE

Local Council Services • Internal Audit

Internal Audit Report for Hermitage Parish Council – 2024/2025

The following Internal Audit was carried out on the adequacy of systems of control in accordance with the requirements of the Audit and Accounts Regulations 2015 and the guidance and instruction in the Practitioners Guide 2024. The following recommendations/comments have been made:

Income: £90,770

Expenditure: £75,575

Reserves: £240,207

AGAR 2024 / 2025 Completion:

Section One: **Yes - unsigned**

Section Two: **Yes - unsigned**

Annual Internal Audit Report 2024 / 2025: **Yes**

Certificate of Exemption: **No**

Proper book-keeping Cash Book, regular reconciliation of books and bank statements. Supporting vouchers, invoices and receipts

All were found to be in order. VAT payments are tracked and identified within the year-end accounts. The cashbook is referenced providing an audit trail. Supporting paperwork is in place and referenced.

Financial regulations Standing Orders and Financial Regulations
Tenders
Appropriate payment controls including acting within the legal framework with reference to council minutes
Identifying VAT payments and reclamation
Cheque books, paying in books and other relevant documents

Standing Orders in place: **Yes**

Reviewed: **16th May 2024 (Ref: 03.05.24)**

Financial Regulations in place: **Yes**

Reviewed: **16th May 2024 (Ref: 04.05.24)**

VAT reclaimed during the year: **Yes**

Registered: **No**

General Power of Competence: **No**

There were no tenders during the year that exceeded the £30,000 Public Contract Regulations threshold.

Risk Assessment

Appropriate procedures in place for the activities of the council
Compliance with Data Protection regulations

Risk Assessment document in place: Yes

Data Protection registration: Yes – ZA356699 Expiry 01/05/25

Data Protection

The General Data Protection Regulations have changed and the new Regulations came into force on 25 May 2018. It is likely that this will affect the way in which the Council handles its data. Due to the financial risk associated with the General Data Protection Regulations, the Council have included this in their Risk Assessment.

Privacy Policy published: Yes

Insurance was in place for the year of audit.

There was no evidence in the minutes that the Risk Assessment has been reviewed during the year of audit.

Recommendation (1): *To undertake and minute a review of the Risk Assessment during the year of audit.*

The Council have good internal financial controls in place. The Clerk provides financial reports to council meetings. Councillors are provided with information to enable them to make informed decisions.

The annual play area inspection has been undertaken during the year as per the meeting on 21st November 2024 (Ref: 11.11.24).

Fidelity Cover: £500,000

The level of Fidelity cover is within the recommended guidelines of year-end balances plus 50% of the precept.

Transparency

Under the **Transparency code for smaller authorities**, smaller councils with income/expenditure under £25,000 should publish on their website from 1 April 2015:

Smaller Council: **No**

Website: www.hermitage.org.uk

The Council is not subject to the requirements of the Transparency Code for smaller Councils.

Under **The Accounts & Audit Regulations 2015 13(1a&b)** councils must publish on their website:

Statement of Accounts, External Audit report and Annual Governance statement.
2024 Annual Return, Section One Published – Yes
2024 Annual Return, Section Two Published – Yes
2024 Annual Return, Section Three Published – Yes

Under the requirements of the **Accounts and Audit Regulations 2015 13(2b)** a council is required to display AGAR's for the five years 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24 on their website.

Recommendation (2): *Please be advised that this is part of your AGAR publication requirements.*

Under **The Accounts & Audit Regulations 2015 15(2b)** councils must publish on their website:

Notice of period for the exercise of public rights
Published – Yes

Period of Exercise of Public Rights

Publication Date: 02/06/24 Start Date: 03/06/24 End Date: 14/07/24

Budgetary controls

Verifying the budgetary process with reference to council minutes and supporting documents

Precept: £62,990 (2024 / 2025) Date: 18th January 2024 (Ref: 8.6)

Precept: £63,500 (2025 / 2026) Date: 16th January 2025 (Ref: 08.01.25))

Good budgetary procedures are in place. The precept was agreed in full council and the precept decision and amount has been clearly minuted. The Clerk ensures the council are aware of responsibilities, commitments, forward planning and the need for adequate reserves. Budget papers are prepared to ensure councillors have sufficient information to make informed decisions. Budgets are monitored during the year.

Income controls	Precept and other income, including credit control mechanisms <i>All were found to be in order. Income controls were checked and income received and banked cross-referenced with the Cash Book and bank statements.</i>						
Petty Cash	Associated books and established system in place <i>A satisfactory expenses system is in place with supporting paperwork. No Petty Cash held.</i>						
Payroll controls	PAYE and NIC in place where necessary. Compliance with Inland Revenue procedures Records relating to contracts of employment PAYE System in place: Yes – Autela Payroll Services Employer PAYE Reference: 120/XA56462 <i>The Council continue to operate RTI in accordance with HMRC regulations. Payroll is outsourced. All supporting paperwork is in place. Eligible employees have joined the nominated pension scheme.</i> <i>It is noted that the Council undertook a review of salaries at a meeting held on 21st November 2024 (Ref: 08.11.24).</i>						
Asset control	Inspection of asset register and checks on existence of assets Cross-checking on insurance cover <i>A separate asset register is in place. Values are recorded at insurance value. The total value of assets is recorded at £365,724 . The figure in the asset register corresponds with the figure in Section 2, Box 9 of the AGAR. The asset register includes a £ 25,000 long-term investment with the CCLA.</i>						
Bank Reconciliation	Regularly completed and cash books reconcile with bank statements <i>All were in order. Bank Reconciliations are carried out regularly. The bank statements reconciled with the end of year accounts and bank reconciliations for all accounts.</i> <i>Reconciled Bank Balances were confirmed as:</i> <table> <tr> <td><i>Lloyds Community</i></td><td><i>£69,877.04</i></td></tr> <tr> <td><i>Metro Instant</i></td><td><i>£85,329.82</i></td></tr> <tr> <td><i>Newbury BS</i></td><td><i>£85,000.00</i></td></tr> </table> <i>The council have £169,361.63 outstanding loans at year-end (confirmed).</i>	<i>Lloyds Community</i>	<i>£69,877.04</i>	<i>Metro Instant</i>	<i>£85,329.82</i>	<i>Newbury BS</i>	<i>£85,000.00</i>
<i>Lloyds Community</i>	<i>£69,877.04</i>						
<i>Metro Instant</i>	<i>£85,329.82</i>						
<i>Newbury BS</i>	<i>£85,000.00</i>						

Reserves

General Reserves are reasonable for the activities of the Council
Earmarked Reserves are identified

The Council have adequate general reserves (£69,092.28) and has identified Ringfenced Funds of £171,114.58 in their year-end accounts.

Year-end procedures

Appropriate accounting procedures are used and can be followed through from working papers to final documents
Verifying sample payments and income
Checking creditors and debtors where appropriate.

End of year accounts is prepared on a Receipts & Payments basis.

Sole Trustee

The Council has met its responsibilities as a trustee

The Council is not a sole trustee.

Internal Audit Procedures

The 2024 Internal Audit report was considered by the Council at a meeting held on 20th June 2024 (Ref: 08.06.24)

Recommendation (3): *When applicable, the council's response to the Internal Audit recommendations should be contained in the minutes of the meeting.*

A review of the effectiveness of the Internal Audit was carried out on 20th June 2024 (Ref: 08.06.24)

Heelis & Lodge were not appointed as Internal Auditor at a meeting held during the year of audit.

Recommendation (4): *It is a requirement to appoint the Internal Auditor during the year of audit and record the decision in the minutes of the meeting.*

External Audit

The Council formally approved the 2024 AGAR at a meeting of the full Council held on 20th June 2024 (Ref: 08.06.24)

The External Auditor's report was considered at a meeting held on 17th October 2024 (Ref: 08.10.24)

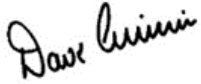
The following matters were brought to the attention of the Council:

Information has come to our attention from the internal auditor highlighting the fact that the external auditor report and certificate was not published on the authority's website in accordance with the Accounts and Audit Regulations 2015.

Recommendation (5): *It is a requirement that any issues raised by the External Auditor should be recorded in minutes, along with any actions agreed by the council.*

Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 16th May 2024. The first item of business was the Election of Chairman, in accordance with Standing Orders.
- There are no additional comments/recommendations to make in relation to this audit.
- I would like to record my appreciation to the Clerk to the Council for the quality of documentation presented in the Audit File.



Dave Crimmin PSLCC
Heelis & Lodge
2nd May 2025

HEELIS&LODGE

Local Council Services • Internal Audit

www.heelisandlodge.co.uk

INVOICE

To:

Hermitage Parish Council
Farm Gate
High Street
Chieveley
RG20 8TA

Invoice No: HLD2424

Date: 2nd May 2025

Details	Quantity	Amount (£)	Total (£)
To carry out a Year-end Internal Audit for Hermitage Parish Council for the year ended 31 March 2025.	1	260.00	260.00
Pick-up and return courier service	2	6.66	13.32
Total			273.32

Please make cheques payable to: Heelis & Lodge

Bank Details: Account 02539349 Sort Code 09-01-50

Terms – 14 days

Thank you.

HEELIS&LODGE

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