

# **DKE AUDIT SERVICES**

## **INTERNAL AUDITOR**

Specialist provider to Parish & Town Councils

### **Salford Priors Parish Council**

#### **Internal Auditors assessment for the completion of the AGAR Part 3 – Financial Year 2024-25**

##### **1. Introduction**

I have concluded the Council's annual independent internal audit. I am therefore able to complete the Annual Internal Audit Report (AIAR) 2024-25 which forms part of the Annual Governance and Accountability Return (AGAR).

My internal audit considers the evidence available to assess if the Council has effective systems and control arrangements in place for the areas examined. In examining these arrangements focus has been placed on compliance with a number of the Council's key governance 'rules', its management of risk, and its financial controls. Consideration is given to the size and scope of activities undertaken by the Council.

The internal audit is undertaken during the financial year in order to review and test the systems and controls operating during that year. The internal audit report details the findings at the time of the internal audit review. For the year-end financial statements, a cursory inspection is carried out to verify there are no significant financial management or control matters that may impact on the AIAR assessments made at the time of the internal audit review. The internal audit should inform, it is not designed to offer assurance over the completion of the AGAR sections 1 & 2, responsibility for the accuracy of these submissions' rests with the Council.

The internal audit is not designed to identify all weaknesses in the Parish Council's systems but, it is a sample examination of systems and of testing those systems and controls. Where weaknesses are identified during the internal audit process, which impact on governance and internal control, recommendations are made.

The responsibility for the prevention and detection of fraud, error and non-compliance with the law or regulations rests with the Council. The internal audit should not be relied upon to disclose all material mis-statements or frauds, errors, or instances of non-compliance, as may exist.

As the Council's appointed internal auditor, I confirm that I am independent of the Council.

##### **2. Summary**

In the section below I have recorded my AIAR responses and offered some comments by way of explanation for these. Members need to be mindful that this assessment is of systems and control during 2024/25 to the time of the audit review.

During the internal audit review no significant control issues or non-compliances have been identified; therefore, I can give a positive response to each of the areas covered by the AIAR (internal auditors section), that apply to the Parish Council. There are no recommendations that impact on the internal auditors AIAR assessment.

### 3. Internal Audit Assessment

The table below follows the format of the AIAR section of the AGAR, for each section questions have been raised in order to establish the systems and control arrangements. The responses, along with the supporting evidence provided, has allowed review, challenge, examination and assessment.

AGAR (AIAR section) Internal Control Objective, Internal Audit assessment and related comments	Yes /No
<b>A. Appropriate accounting records have been properly kept throughout the financial year.</b>	<b>Yes</b>
<p>The Council has put in place effective procedures to accurately and promptly record all financial transactions, it has maintained up to date accounting records throughout the year, together with all necessary supporting information. Invoices, payment requests and receipts are recorded in the accounting software. Copy invoices, payment requests, or other supporting information for transactions are held on file.</p> <p>The cashbook is up to date, and is well structured, payments are reported to the Council at each meeting, and approval is recorded in the minutes. Overall, an effective internal control environment has been maintained.</p>	
<b>B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved VAT was appropriately accounted for.</b>	<b>Yes</b>
<p>Financial Regulations have been reviewed the Finance Audit Panel, these were then referred to and approved by Full Council in June 2024.</p> <p>Based on a sample examination of a number of payments selected from the cashbook confirmation has been gained that the payments made are supported by invoices, payment requests or other supporting evidence.</p> <p>Payments have been reviewed by Members, properly approved (either in advance of payment or retrospectively) and VAT has been appropriately accounted for and is periodically reclaimed.</p> <p>Effective management and control over the Council’s bank account is present, payments are lodged by the Clerk and approved by any one from three Members.</p>	
<b>C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</b>	<b>Yes</b>

AGAR (AIAR section) Internal Control Objective, Internal Audit assessment and related comments	Yes /No
<p>The Council has a risk management / assessment procedure which includes the identification of the Council significant risks which are recorded in the register of its risk within the risk policy. The risk policy was reviewed and agreed In February 2025. The register of risks shows the control arrangements operating to manage the Councils risk exposure. In agreeing the risk policy, the Council confirms risk are managed to the desired degree. Sample testing of the control arrangements showed the controls are complied with. The Council has experienced an issue with contract performance and adopted to mitigate this risk through stricter controls and checks on contractors prior to awarding work.</p> <p>The insurance policy covers the areas expected for a Parish Council and the assets (for which there is an Asset Register) have been insured.</p> <p>A specific risk, the IT arrangements, have been discussed and the arrangements, as described, offer effective IT and data control arrangements. Back-up copies of systems and data are taken weekly and held securely. The finance system is web-based.</p> <p>Comment – The Council could review its IT and data management and control arrangements exploring the opportunities gained from using ‘the Cloud’.</p>	
<p><b>D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</b></p>	Yes
<p>The budget covers the Councils activities showing sources of receipts and payment provision by type; these are included in the budget monitoring reports. The precept for the 2023-24 financial year was set following a structured budget setting process which identified the budget requirement for the year.</p> <p>The Councils Finance Audit Panel monitors and scrutinises the budget quarterly and reports to Full Council.</p> <p>The Council has adopted a Reserves Policy within the year and holds reserves, these include funds set aside as General Reserve (working balances) and funds held in the Community Infrastructure Levy account (reserves set aside for projects). In June 2024 the Finance Audit Panel looked at the reserves of the Parish Council and allocated reserve funding. In July 2024 the Reserves Policy was reviewed and accepted. In December 2024 the General Reserves for 2025-26 was considered and set at £57,000.</p>	
<p><b>E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.</b></p>	Yes

AGAR (AIAR section) Internal Control Objective, Internal Audit assessment and related comments	Yes /No
<p>The Council receives limited annual receipts beyond the precept, the main other source being from the allotment site. Receipts due are collected in accordance with the agreed fees. Income is effectively managed, controlled and recorded. A significant sum was received during the year, from the District Council, for a specific project. Project delivery assurance and control is to be provided to the District Council.</p> <p>Assurances that expected income is received occurs through the budget monitoring process. The Council do not raise fees that attract VAT.</p>	
<p><b>F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.</b></p>	<p><b>Not Covered (no Petty Cash)</b></p>
<p>The Council does not operate a petty cash system.</p>	
<p><b>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.</b></p>	<p><b>Yes</b></p>
<p>For the sample examined the payments to the Parish Clerk are in accordance with the contracted terms and the salary level and payments are approved by Members. Relevant employment related deductions are made and employer liabilities have been paid. The Clerks performance is reviewed any resulting variation to pay is recorded in the minutes.</p> <p>The Council does not pay an Allowance to any Member.</p>	
<p><b>H. Asset and investments registers were complete and accurate and properly maintained.</b></p>	<p><b>Yes</b></p>
<p>The Council has an Asset Register which has been reviewed by Members in February 2025. The structure of the Asset Register is in line with the basic requirements as outlined in the JPAG guidance. The Asset Register supports the AGAR entry for fixed assets by collecting the information on the cost or value of assets held and forms a record of assets held for insurance purposes.</p> <p>Further detail of the Councils assets is recorded on Parish Online.</p> <p>The records show that assets are periodically inspected with the outcome being actioned where required.</p>	

AGAR (AIAR section) Internal Control Objective, Internal Audit assessment and related comments	Yes /No
The Council has bank accounts for annual transactions and a separate account for project sums.	
<b>I. Periodic bank account reconciliations were properly carried out during the year.</b>	<b>Yes</b>
Evidence shows the Council reconciles its bank accounts with its accounting records monthly, this being reviewed by Members. The quarterly bank reconciliation is presented to Council, approved and recorded in the meeting minutes. The reconciliation statement is formally approved having been checked to the supporting bank statements.	
<b>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.</b>	<b>Yes</b>
<p>The Councils financial activity requires it to account on an Income and Expenditure basis, and the 2024-25 accounts are presented in accordance with this requirement. It is noted that the Council operating budget, that raised from the precept and minor other income sources, is significantly less than the sums currently held, much of which is for projects.</p> <p>The accounting process as reviewed is effective and appropriate; the accounting statements agree to the cash book and are supported by an adequate audit trail from underlying records and explanations.</p> <p><i>Note – the assessments in this report are based on the control environment at the time of the internal audit visit. However, evidence that the key year-end financial statements (final bank reconciliation for the year, the budget to actual report, and the year-end accounts statement) have been prepared for Member review and approval has been requested and received. A cursory review of these financial statements, and of activity since the internal audit visit, has not identified any matters to change the initial assessments detailed in this report.</i></p>	
<b>K. If the authority certified itself as exempt from a limited assurance review in 2023/24, it met the exemption criteria and correctly declared itself exempt (If the authority had a limited assurance review of its 2023/24 AGAR tick “not covered”).</b>	<b>Not Covered</b>
The Council did not certify itself as exempt in 2023-24 and therefore had a limited assurance review of its AGAR.	
<b>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.</b>	<b>Yes</b>

AGAR (AIAR section) Internal Control Objective, Internal Audit assessment and related comments	Yes /No
The Clerk has confirmed that the Council is aware of, and publishes, the information required by legislation. The Council has a Publication Scheme (reviewed in February 2025) which details the information available and how it can be accessed. Transparency principles, and the Code relating to a Parish Council with a turnover now over £200,000 is followed.	
<b>M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations</b> (during the 2024-25 AGAR period, were public rights in relation to the 2023-24 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	Yes
The Council complied with the required notice period (30 working days including the first 10 working days of July 2024) for the exercise of public rights for the 2023-24 AGAR. Notice on website – dated 22 May 2024.	
<b>N. The authority has complied with the publication requirements for the 2023/24 AGAR</b> (see AGAR Page 1 Guidance Notes).	Yes
<p>The Council complied with the 2023-24 publication requirements in that;</p> <ul style="list-style-type: none"> <li>• before 1 July 2024 it published: notice of the period for the exercise of public rights, and a declaration that the accounting statements are as yet unaudited; the Annual Governance Statement 2023-24, approved and signed, the Accounting Statements 2023/24, approved and signed, and'</li> <li>• not later than 30 September 2024 it published: the notice of conclusion of audit, the External Auditor Report and Certificate, the AGAR including any amendments as a result of the limited assurance review.</li> </ul>	
<b>O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.</b>	Not Applicable
The Council (as a body) does not have trust or charitable responsibilities.	

### Other Areas

Internal Control areas and Internal Audit comments
Review of the implementation of recommendations from the previous year's Internal and External Audit Reports

**Internal Control areas and Internal Audit comments**

From last internal audit report

No recommendations were made.

From last external audit report

Matters raised by the external auditor have been discussed with the Clerk and the comments made will be noted when preparing the current year end accounts.

The comments made by the external auditor in respect of the internal audit process are noted.

**Any other control matters or further comment not covered above.**

None

The draft version of this report was discussed and agreed by the Parish Clerk.

Internal Audit undertaken on 3 February 2025 (audit visit – control review and sample testing) and 15 April 2025 (further review of minutes and year end related documents)

*Duncan Edwards*

Duncan Edwards (2024/25 internal audits)