Annual Internal Audit Report 2024/25

Lake Parish Council

www.lakeparishcouncil.org.uk

During the financial year ended 31 March 2025, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2024/25 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓
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.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
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.	✓		
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")*			✓
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.	✓		
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 *(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).*	✓		
N. The authority has complied with the publication requirements for 2023/24 AGAR *(see AGAR Page 1 Guidance Notes).*	✓		

	Yes	No	Not applicable
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken: 24/04/2025

Name of person who carried out the internal audit: Maxine Warr

Signature of person who carried out the internal audit

Date: 30/04/2025

***If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).**

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

LAKE PARISH COUNCIL

INTERNAL AUDIT REPORT 2024 - 25

1.INTRODUCTION

All Local Councils in England are required to complete an annual return summarising their financial records at the end of the financial year. A section on the Annual Return needs to be completed by an Internal Auditor who shall be independent of the Council. The Councils External Auditor needs to place reliance on the work of the Internal Auditor and provides guidance on the minimum level of testing required to provide this assurance.

2.SCOPE OF AUDIT

The audit includes for examination on a test basis of evidence relevant to the amounts and disclosures as contained in the accounts. This examination has included the following-

Matching of financial statements to invoices and receipts
Examination of budget preparation & precept setting
Inspection of bank statements
Matching of payment records to invoices
Examination of Risk Assessment.
Compliance with Transparency Code.

3. FINDINGS

1) There is no payroll provision as the Clerk works on a voluntary basis and back-office support is through an agreement with Sandown Town Council. The Clerk of Sandown Town Council is due for retirement, so the arrangement may be reviewed, therefore a budget line has been included for 2025/26

2) The accounting record’s, bank statements and bank reconciliation were examined and agreed. All payments are presented to the Council for approval and paid by the clerk under delegated authority. A full list of invoices is signed off by the Chairman and a nominated councillor, although the sample of invoices checked showed one signature rather than two.

3) The bank reconciliations are presented and signed off regularly at meetings.

4) Standing Orders and Financial Regulations were reviewed and adopted at the 11 May Annual Meeting 2024. NALC has issued updated Financial Regulations and Standing Orders and these will be reviewed following the elections in May 2025.

5) VAT had been accounted for correctly and refunds from HMRC are being claimed. All income is correctly recorded.

6) Insurance policies are in place until 1 June 2025.

7) The budget and precept proposals were discussed at a full council meeting on 13 February 2025 and it was resolved to increase the precept to £289,582 for 25/26. Full details of the process is outlined in the minutes. The budget

was agreed at £344,677 with the difference made up from budgeted income and general reserves.

8) The Financial Risk Assessment Policy was reviewed and adopted 09 January 2025.

9) The 2024-25 financial year saw turnover of over £200,00 once again, so recording is correctly made, with the transition to an income and expenditure basis due for completion for 2025-26.

10) The PWL process for the new toilet block is detailed in the minutes and the finance correctly recorded.

11) The Transparency Code requires the publication of certain information on a website. All items have been displayed correctly and clearly. However, the website accessibility statement has not been updated recently and it is understood that a complete review of the website is due to take place.

12) The Councillors details do not include the register of interests, and these will be uploaded after the election.

13) The exercise of public rights for 2023/24 was correctly displayed on the website. The dates agreed were minuted and the AGAR was agreed in the correct order. The external auditor noted that the independence of the internal auditor had not been considered. This will be addressed for 2025/26.

RECOMMENDATIONS

The

- Review the NALC updated versions of Financial Regulations and Standing Orders at the earliest convenience.
- Ensure Councillor details are complete on the website following the election in May 2025
- Ensure all invoices are signed by two councillors
- Ensure the independence of the internal auditor is considered when making the appointment
- Review the website to ensure compliance with the recent update of accessibility regulations

Having regard to the above, I believe I have adequate assurance to complete and sign the relevant section of the Annual Return.

Maxine Warr
30th April 2025