

INTERNAL AUDIT REPORT FOR BISHOPS LYDEARD AND COTHELSTONE PARISH COUNCIL 2024-25

Introduction

This report contains a note of the audit recommendations made to Bishops Lydeard and Cothelstone Parish Council following internal audit testing on 23rd April 2025.

The audit work has been carried out in accordance with the Internal Audit Checklist from the 2023 'Governance and Accountability for Local Councils: A Practitioners' Guide', as supplemented by the requirements of the 2024/25 IA section of the AGAR.

An internal audit covers the review of the operation of the Council's internal control environment. It is not designed to review and give full assurance over every transaction carried out by the Council. Instead, it enables the auditor, following the sample testing of a number of different types of transaction, to give an opinion as to whether or not the control objectives are being achieved across a range of financial and governance systems.

This report sets out the Internal Auditor's findings in relation to each of the 15 Internal Control Objectives from the Annual Internal Audit Report Annual Governance and Accountability Return (AGAR) Form 3. This report and the recommendations should be presented to the Full Council for approval. The Clerk should ensure that the recommendations are implemented as soon as possible, with the support of the Council.

It is noted that there is a new Clerk in post, who has implemented Scribe Accounting software and has brought paper filing up to a high standard.

AGAR certificate reference	Comments
A. Appropriate accounting records have been properly kept throughout the year.	Correct rollover of balances from prior year confirmed.
	A sample of transactions from the cashbook were tested to ensure they appeared as expected on bank statements. The transactions tested from the cashbook matched with corresponding bank statement transactions and with entries in Scribe.
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for.	At the time of the audit visit, the Council had yet to adopt the most recent Financial Regulations but it is noted that these have since been adopted in May 2025. All payments were supported by invoices and all expenditure was approved. The process for dealing with invoices and ensuring all payments are authorised has improved significantly from last year's internal audit.
	VAT reclaims are completed correctly and submitted half-yearly, which is appropriate for a council of this size.
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of	The Council's risk assessment document was appropriately approved by the Full Council at its March 2025 meeting. It is noted that a separate risk assessment document will be produced to cover the MUGA. However, the MUGA should be referenced in the core risk assessment document for

arrangements to manage these.	completeness, even if this is simply a reference to the separate document.
	The Clerk was able to show me MUGA inspection sheets and explained that any issues identified are reported to him for resolution.
	The Clerk has access to the online bank accounts but he must be the administrator for all bank accounts. Councillors should not be administrators of Council bank accounts, as per Financial Regulation 7.1.
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	The precept was approved and adopted by the Full Council and not a committee.
	Current year budget reports have been submitted to the Council on a half-yearly basis. It would be more appropriate to present the budget position to the Council quarterly or monthly.
	Earmarked Reserves were presented to the Council at its February 2025 meeting as part of the budget setting process. The Council must ensure that earmarked reserves are reviewed at least annually and also when funds are transferred into or out of earmarked reserves.
	The 2023-24 precept received in the accounts matched the prior year submission form to the relevant authority.
E. Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.	The Council does not look after an allotment site, hall or burial ground and does not issue invoices for any other activities, so there are no aged debtors to review.
	The council has responsibility for the library and work is underway to implement a lease between the Council and the owners of the library building.
	The council receives income from library fees, charges and fines. These are recoded by library staff and are now reported to the Clerk regularly.
F. Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for	NOT COVERED - The Council does not hold any petty cash.
G. Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.	There is a very basic contract of employment in place for the current Clerk but I suggest using the NALC model contract for completeness. Annual leave entitlement in the contract of employment was not in line with the NALC model.

	No allowances have been paid to members.
	Wage slips were supplied. Hours worked over the 15 hours in the Clerk's contract of employment are now recorded separately on wage slips so it is possible to determine that gross pay is calculated correctly. Income tax and national insurance are calculated correctly.
	An appropriate tax code has been applied to the Clerk's salary.
	The Council uses HMRC Basic Tools to submit payroll information to HMRC, which is appropriate.
	Income tax and national insurance are calculated correctly in the sample tested.
	The current Clerk does not pay into a parish council pension scheme, although the LGPS is mentioned in his contract of employment. As such, there were no contributions to review.
H. Asset and investment registers were complete and accurate and properly maintained. This section/assurance should be extended to include loans to or by the authority	The Council maintains a formal fixed asset register and updates it to record new assets.
	There were no assets of high value that required physical inspection.
	The new Clerk is using the "Asset Register" function in Scribe and has presented the register to the Council at its March 2025 meeting.
	Additions and disposals are tracked on the fixed asset register. It is noted that the new Clerk has reviewed the asset register to confirm and include any additions or disposals.
	The value of assets on the fixed asset register matched the value entered in the AGAR section 2, line 9 for 2024-25.
	Insurance is in place and the assets listed match the entries on the Fixed Asset Register.
	The Council does not hold any accounts with 12-month terms or longer. However, they have a CCLA account with favourable interest rates, where the bulk of the remaining CIL monies have been deposited. The Council should consider whether their investments are getting the best return for the Council by producing an investment strategy, taking account of when CIL monies will be spent. It is possible that a proportion of the funds could be deposited into an account with longer access terms and receive more favourable interest income.
	The Council is not in receipt of any loans and has not made any loans to local bodies.
I. Periodic bank account reconciliations were properly carried out during the year.	Bank reconciliations are presented to the Council on a quarterly basis, which is appropriate for a Council of this size.
	The year-end bank reconciliation is accurate and matches bank balances in the AGAR section 2, line 8.
J. Accounting statements prepared during the year were prepared on the correct accounting basis	The Council's turnover does not exceed £200,000 and accounts are prepared on a receipts and payments basis, as appropriate.

<p>(receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.</p>	
<p>K. If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt.</p>	<p>NOT COVERED – Turnover exceeds £25,000.</p>
<p>L. The authority publishes information on a free to access website / web page, up to date at the time of the internal audit in accordance with the relevant legislation</p>	<p>The Council needs to comply with the freedom of information act and should review the information it publishes with reference to the ICO model publication scheme. It was noted that the new Clerk is making great progress regarding the publication of documents, aided by the implementation of a new website, which enables more information to be published in a more intuitive manner.</p>
	<p>The new Clerk has implemented an appropriate and accurate system for publishing the list of payments to be approved at each meeting. The payments list is added to the website with the agenda as a separate document. This approach meets the criteria and it is noted that the process in place is a huge improvement on last year.</p>
<p>M. The authority, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.</p>	<p>This was published but it was not possible to determine the date of posting onto the website.</p>
<p>N. The authority complied with the publication requirements for the prior year AGAR</p>	<p>Confirmed.</p>
<p>O. Trust funds (including charitable) - the Council met its responsibilities as a trustee</p>	<p>NOT COVERED – The Council is not a trustee of any charity.</p>

Explanation of “Not covered” and “Not applicable” responses

- F – The Council does not hold any petty cash.
- K – The Council has turnover of over £25,000, so is not eligible to exempt itself from external audit.
- O – The Council is not a trustee to any charities

Recommendations and Action Plan

Recommendation no.	Detail	To be completed by	Date completed
B.1	Dealing with invoices received: Invoices should be date stamped with their receipt date and the Clerk should initial the amounts to indicate that these have been checked for accuracy.	Parish Clerk	
C.1	Risk Management: The MUGA and other outdoor spaces must be added to the Risk Assessment document. The risks must be identified and rated and control measures agreed. This document must be explicitly approved by the Full Council.	Parish Clerk	
C.2	Bank account administration: The Clerk must be made the service administrator for all bank accounts. Councillors should have the ability to view accounts and authorise payments but not be able to set up payments as this is the responsibility of the Clerk in his role as Responsible Financial Officer.	Parish Clerk	
D.1	Budget position reports: These should be presented to the Council at least quarterly.	Parish Clerk	
E.1	Library lease: A formal lease should be drawn up between the Council and the owner of the library premises.	Parish Clerk	
G.1	Contract of employment: It is strongly recommended that the Council adopts the NALC model contract of employment for the Clerk.	Parish Clerk	
H.1	Investments: The Council should adopt an investment policy to ensure that it is realising the best return on the balances it is holding.	Parish Clerk	
L.1	Publication requirements: The Council should review the information it publishes to ensure it complies with the model publication scheme provided by the Information Commissioner’s Office.	Parish Clerk	

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Please present this report to the Parish Council at the next available meeting so it can be formally noted.

Feel free to contact me if you have any questions or queries.



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