

Internal Audit Report Freshwater Parish Council

This audit report is to read in conjunction with the Annual Internal Audit Report in the Annual Governance and Accountability Return.

Council:	Freshwater Parish
Internal Auditor:	Maxine Warr
Year Ending:	March 2025
Date of Report	May 2025

Internal audit is the periodic independent review of a council's internal controls resulting in an assurance report designed to improve the effectiveness and efficiency of the activities and operating procedures under the council's control. Managing the council's internal controls should be a day-to-day function of the council through its staff and management and not left for internal audit. It would be incorrect to view internal audit as the detailed inspection of all records and transactions of a council to detect error or fraud. This report is based on the evidence made available to me and consequently the report is limited to those matters set out below.

The council is required to take appropriate action on all matters raised in reports from internal and external audit and to respond to matters brought to its attention by internal and external audit. Failure to take appropriate action may lead to a qualified audit opinion.

All items have been discussed with the Finance Officer and RFO.

To the Chairman Freshwater Parish Town Council

I have examined council business including policies, agendas & minutes, accounting and financial statements and other documents relevant to this audit. Management & governance of the council appears robust and the finances are well executed.

The checklist gives a detailed account of the areas covered but a summary of findings is set out below.

- 1) The payroll is serviced in house through Payroll Manager 20 software and pension contributions through Nest. All deductions are made and are paid monthly.
- 2) The accounting record's, bank statements and bank reconciliation for the year ended 31st March 2025 were examined and agreed. All payments made are presented to the Council for approval and are detailed in the Council minutes. The bank statements are reconciled each month which is considered good practice.
- 3) Standing Orders and Financial Regulations were reviewed and adopted for 2024/25 on 14th May 2024, Minute 7 refers. The updated regulations are being presented to full council in May and June respectively.
- 4) VAT had been accounted for correctly and refunds from HMRC are being claimed. A petty cash system is in operation (although rarely used) and a robust system is place.
- 5) Allotment payments are mostly made online, and these are monitored and recorded. Cash and cheque payments are deposited in the petty cash.

- 6) Insurance policies are in place with items of high value detailed. The Fixed Asset Register has been updated and all assets revalued. It is very detailed regarding land and property but doesn't include smaller items such as tools and electronic equipment. It is understood this will be addressed later in the year.
- 7) The electronic payments and receipts system is robust and all expected income had been received and documents. Temporary cash surpluses are held in an investment account with Barclays.
- 8) The Council had prepared an annual budget in support of its precept which was considered and agreed at the February 2025 Full Council meeting. The precept was set at £557,362 for 2025/26 although the amount was not detailed in the minutes, the budget sheet is available on the website.
- 9) The Annual Return requires the Internal Auditor to be satisfied that the Council considers the risks of not achieving its objectives. A Financial Risk Assessment was reviewed and approved by full council in March 2025.
- 10) The 2024-25 financial year saw turnover once again exceed £200,000 and therefore the 2024-25 accounts are correctly kept on an income and expenditure basis. Year-end accruals for both expenditure and income had been produced and included for in the Annual Return.
- 11) The Local Government Transparency Code requires Town and Parish Councils to publish certain information on its website and this criteria has been met with minor exceptions.
- 12) The AGAR was not correctly approved. Minute 12 of 18 June 2024 states '*The return for 2023/24 was received and signed by the Chair and the Clerk/RFO for submission to the external auditor*' therefore, not in the correct format, although it was signed by the Chairman and RFO. The dates for the exercise of public rights were not listed in the minutes but the notice is correctly displayed on the website, however the notice of conclusion of the audit is not uploaded.
- 13) The external auditor incorrectly identified the 'No' response on the internal audit report for 2023/24. It is not clear if this was challenged. There was also a comment regarding a letter of appointment for the internal auditor and this has been addressed for 2024/25.
- 14) The website accessibility statement was approved at the meeting on 2nd July but there is no evidence of this being revised in October following the update to the regulations. However, it is noted in the minutes of 7th May that the previous clerk attended a webinar on this matter and alerted full council to this update.

RECOMMENDATIONS

- Ensure the AGAR is approved in the correct format and the dates for the exercise of public rights are included in the minutes and the conclusion of the audit is displayed.
- Ensure the website is updated to comply with current accessibility regulations.
- Include the precept amount in the minutes along with the budget total.

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

Yours sincerely



**Maxine Warr
May 2025**