

# Keith Robertson Internal Audit Services

## UDIMORE PARISH COUNCIL Internal Audit Report 2024-25

### Introduction

In accordance with the Internal Audit Plan, Controls and Procedures have been tested, with Fraud and Risk Issues reviewed. The controls when tested during the audit did not all meet the standards and practices defined in the Governance and Accountability for Smaller Authorities 2024. I confirm that I do not have any role within the Council and have carried out my duties without bias.

The audit was completed on 20<sup>nd</sup> May 2025 at the Burwash Parish office. The report below highlights the findings of the audit with reference to the Internal Control Objectives and Governance Statements in the Annual Return.

### Update on issued raised in the 2023-24 Internal Audit.

#### **Appropriate Accounting Records.**

##### **Financial Regulations, documentation and approvals.**

Bank Mandates.— On line payments with 2 signatories was live in May 2024 but was not being used. **Not completed** This remains the case in May 2025 and does not align with the Financial regulations for approvals.

##### **Budgeting & Precept**

Reporting. Actual expenditure is compared with the budget and any significant variances are explained. **Part completed.** Reserves are monitored during the year but not formally considered when setting the budget. There was no documented review of reserves or income and expenditure when setting the 2025-26 budget. This does not align with the Financial Regulations for budget setting.

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#### **A. Appropriate Accounting Records.**

- A.1 The financial records are maintained in an XL cash book. The format and financial data is adequate for the Council's needs.
- A.2 VAT is properly accounted for. (see also VAT in section B) Reclaims are up to date as at 31-3-25.
- A.3 Financial reports are presented to Council. The Year end reports agree to the financial records and to the 2024-25 AGAR.
- A.4 Bank reconciliations are prepared routinely and are subject to the scrutiny of members. This is registered in the minutes.

#### **B. Financial Regulations, documentation, and approvals.**

- B.1 Fin Regs & SO were re adopted in May 2024.
- B.2 Expenditure Approval. A sample of payments confirmed the Financial regs were not being complied with. Payments totalling £9732 were paid to a contractor for work on the Village Hall car park. There is no minute of the Council having approving these works, or agreeing to manage the contract, or defining the terms concerning the receipt of funds from the Church or Village Hall. The Council did approve a £3000 grant toward the work. It did not agree or approve that the Parish Council would to carry out the works on behalf of the Village Hall. The Village Hall and the Parochial Church Council then paid funds to the Council toward the costs of the work. It is very likely that the Council should not have submitted a VAT reclaim for £1,621.99 of VAT on the amounts paid to the contractor. The Council should confirm this as soon as possible and contact HMRC if needed. The lack of approvals recorded in the minutes for the work planned, and contributions is contrary to the Financial Regulations.
- B.3 Invoices approved by the Council had an audit trail through the financial records

- B.4 The Agendas & Minutes were posted on the Councils website.
- B.5 Bank Mandates. The Mandates are still not aligned with the Financial Regulations. The Clerk therefore continues to input and authorise payments on line. [This is not consistent with the Financial Regulations. Action is needed by Councillors who are signatories on the mandate to rectify this.](#)

#### **C. Risk Assessment**

- C.1 A Risk Register was produced and is adequate.
- C.2 Insurance – The Parish Council's Insurance in place is sufficient in total to cover its declared assets values, financial and liability risk.

#### **D. Budgeting & Precept**

- D.1 Reporting. Actual expenditure is compared with the budget and any significant variances are explained. Reserves balances and all actual R&P movements are reported by reserve at Council meetings.
- D.2 Annual budgets should be prepared in support of the precept but there is no evidence that the Council did this for 2025-26. [This is not consistent with the Financial Regulations and does not comply with standards defined in the Governance and Accountability for Smaller Authorities 2024.](#)

#### **E. Receipts**

- E.1 Income is primarily from the annual precept & Cil funds.
- E.2 There is no VAT on income. The Vat claim from the prior year was received.

#### **F. Petty Cash – The Council does not use a petty cash system or hold petty cash.**

#### **G. Employee Costs**

- G.1 Staff Wages – Payroll is managed by the clerk. Data is input to HMRC payroll, totals are summarised on a word document which is presented to Cllrs, approved for payment and logged in the minutes. Payslips are present when approvals are made.
- G.2 Staff costs in the cash book reconcile to the P60 for the Clerk.
- G.3 Staff costs in the financial records agree to the AGAR

#### **H. Assets**

- H.1 Assets – An Asset register is maintained. Asset register values agree to the asset values reported in the AGAR. Insurance cover is adequate.

#### **I. Bank Reconciliations.**

- I.1 Bank Reconciliations are completed monthly, presented to the Council at the bi-monthly meetings for review and are minuted as being reviewed. Councilors see bank statements when approving the reconciliations. Samples checks in this audit confirmed this control is being applied.
- I.2 The Bank reconciliations as at 31-3-25 were correct.

#### **J. Accounting Statements.**

- J.1 The accounts are maintained on a Receipts and Payments basis and the reports agree to the cash book.
- J.2 Reserves – Total reserves are £11.6K of which general reserves are £4K which the Council considers adequate.

- K. Limited Assurance Review Exemption.**  
The Council did correctly exempt itself in 2023-24 and did post the exemption on its website but the values of receipts and payments on the form published did not agree to the financial records.
- L. Transparency code.**  
The Council did publish the data required for 2023-24 in 2024-25 except for a list of payments over £100 which was not published and is not therefore consistent with audit requirements.
- M. Exercise of Public Rights 2023-24.**  
The Council did comply with the audit regulations for publication.
- N. Publication of AGAR documents for 2023-24**  
The Council did publish the correct AGAR forms for 2023-24 on its website.
- O. Trust Funds.** The Council has confirmed that does not manage any trusts.

It is noted that the figures have been produced by the Clerk in accordance with the requirements and all supporting documents have been produced for the Internal Auditor. The Clerk's co-operation aided considerably the work of this internal audit. Thank you.

Keith Robertson FCMA  
Internal Auditor  
20<sup>th</sup> May 2025