

## BETCHTON PARISH COUNCIL

### INTERNAL AUDIT REPORT – FINANCIAL YEAR 2024-25

The Internal Audit has been undertaken with reference to page 4 of the Annual Governance and Accountability Return 2024/25, and Section 4 of the Governance and Accountability for Smaller Authorities in England Practitioners Guide. The opinion formed during the Internal Audit is based on the evidence provided in the form of documents, accounts and receipts etc., in addition to consultation with the Clerk.

Area Covered	Observations	Recommendations
A. Appropriate accounting records	<p>It is not clear how accounting records were kept in the early part of the year, but from November 24 they have kept on a spreadsheet. Transactions are referenced to minutes and budget headings, and supporting documents are stored digitally. There was a 7-month period without a clerk, and it is understood that the new Clerk had to piece together the history from incomplete records, and could not match all transactions to supporting documents.</p> <p>As opening bank statements were not available, it is not certain that the opening position is correct, but in total it agrees to the previous year's accounting statements. However, it looks like the Savings account opening balance is overstated by roughly £9, and interest in the year understated by £9.</p> <p>An 'unknown' expense in April looks like the standard 4-weekly amount for the old Clerk's salary and travel expenses, per minutes from the previous year. This would make sense given he retired at the end of April. So, staff costs may be understated and other costs overstated.</p>	Financial documents are the property of, and should be retained by, the Council. Controls should be put in place to ensure that any hard copies and digital files are in its possession when a clerk retires.

B. Financial regulations, payment controls and VAT	<p>Expenditure is approved in meetings, sometimes retrospectively, and referenced to minutes and budget headings.</p> <p>VAT has not been recorded in the cashbook and no VAT claims appear to have been made or received in the year.</p> <p>Invoices with VAT have been paid in the year.</p>	<p>A VAT claim for 2024/25 should be made.</p> <p>Going forward, VAT should be recorded in the cashbook and used as a basis for annual claims, which should be made on a timely basis.</p>
C. Risk management	<p>A detailed risk assessment has been prepared in the year and approved at the meeting of 7/11/24. It is not clear what measures were in place prior to this.</p> <p>A comprehensive Zurich insurance policy is in place with public liability, and employer liability insurance of £10m.</p>	<p>The risk assessment should be reviewed regularly to ensure all actions have been put in place, that they work effectively and are sufficient.</p>
D. Budgetary process	<p>It is not clear what the original budget process was for 2024/25. At the time of preparation, the 2023/24 accounting statement was used as a basis for the 2025/26 budget and precept.</p>	
E. Income controls	<p>Changes to the precept for the coming year were discussed and approved in the minutes, but see Note D.</p> <p>The new Clerk identified unspent grant money received in 2019, and repayable within days if not spent. Purchases were quickly proposed and authorised, though it was later noted that one of the purchases was to be sold, following advice received from the insurers.</p>	<p>Grant income should be spent appropriately and on a timely basis.</p>
F. Petty cash	<p>There were no petty cash transactions.</p>	

G. Payroll controls	<p>It is unclear who processed payroll at the beginning of the year, or whether any taxes were payable/paid.</p> <p>The clerk's salary is now processed by Barnes Cooper, which should ensure accurate calculation of net pay and tax and RTI filing with HMRC.</p>	
H. Asset controls	<p>No asset register was in place at the beginning of the year. The asset register has been produced using replacement value of £14905. The value of assets for 2023/24 looks to be understated at £1790, given a low value of additions in the year. The register was reviewed and approved at the meeting of 7/11/24.</p> <p>Physical inspection of assets is recorded on the register on 6/3/25.</p> <p>Insurance cover is £10k for total assets.</p>	<p>The prior year figure for assets should have been restated on a replacement value basis. This should be calculated by deducting the value as additions in the year.</p> <p>Date or year of purchase/disposal should be noted on the register if known, to identify additions and aid the budget process in future years.</p> <p>Review adequacy of insurance cover.</p>
I. Bank reconciliation	<p>Bank reconciliations are now done on a regular basis, presented at meetings and approved in the minutes. This does not appear to have been done earlier in the year.</p> <p>The cashbook reconciled to bank statements at the year-end.</p>	
J. Accounting statements	<p>See Note A re possible misstatements in the figures. Also, the figure in box 6 should be £3798, if not restated for the possible crossover in Note A.</p> <p>See Note H re the prior year fixed assets.</p> <p>The cash and fixed asset balances agree to the bank statements and asset register at the year end.</p>	<p>Restate the prior year fixed asset balance. Consider comments in Note A as to whether any other figures should be amended.</p>

K. Exemption from assurance review	The authority met the exemption criteria for 2023/24. However, the figures for income and expenditure are the wrong way round, and the certificate published on the website was not signed until 7/11/24.	
L. Website	<p>At the time of the audit, not all of the publication requirements had been fulfilled.</p> <p>Section 1 of the AGAR is unsigned (within the body of the full AGAR.)</p> <p>Section 2 has been signed retrospectively, along with the certificate of exemption.</p> <p>There is no internal audit report, and it is not clear if an audit took place.</p> <p>There is no analysis of variances.</p> <p>Bank reconciliations are within the body of the later minutes.</p> <p>It was noted that some of the files are incorrectly named, such as the minutes for 18/7/24 and 21/3/24 being named 24/7/2018 and 24/3/2021 (mixing the year and the day).</p>	<p>Review requirements and ensure appropriate publication.</p> <p>Check and correct all file names.</p>
M. Exercise of public rights	No notice could be found on the website. It is not clear if a notice was prepared and made available to the public.	Ensure a notice is prepared and published on the timely basis going forward.
N. AGAR publication	Not all 2023/24 AGAR publication requirements were fulfilled see Note L.	Ensure compliance going forward.