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RUYTON XI TOWNS PARISH COUNCIL

INTERNAL AUDIT REPORT FOR FINANCIAL YEAR 2024/5

INTRODUCTION

As the Council's internal auditor, I have independently carried out an examination of areas which meet the internal control objectives as listed on page 3, the Annual Internal Audit Report section, of the Annual Governance and Accounts Return (AGAR) for the year ended 31st March 2025.

I have been able to test the Council's compliance with the assertions on p.3 of the AGAR, referring to best practices as outlined in the JPAG Practitioners' Guide 2024, published March 2024.

I would like to thank Maxine and Sarah for their assistance.

Should you have any queries with this report, please do not hesitate to get in touch.

DETAILED FINDINGS & RECOMMENDATIONS

A. Appropriate accounting records have been properly kept throughout the financial year?

The primary accounts record is in the form of an Excel Receipts and Payments cashbook. Accounting records were found to be accurate and provided an adequate audit trail. A sufficient analysis of accounting records existed within the cashbook, with items being categorised according to budget categories. Balances were carried forward from the prior year AGAR closing balance correctly. The accounting statement provided as at 31/3/2025 corresponded with the cashbook.

Internal control objective met? YES

Recommendations: None.

B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for?

Financial Regulations were reviewed in May 2024 (and more recently in May 2025) and this was confirmed in the minutes. However, both the May 2024 ones (and the 2025 ones) are not based on the updated NALC model financial regulations, published April 2024.

The Standing Orders were reviewed in May 2024. A new model version of Standing Orders has been issued by NALC in the last month, and I would recommend updating to these. However, the current adopted version was correct as per the model Standing Orders in circulation during 2024-5.

The council has a number of contracts on multi-year terms, such as for managing The Cliffe and street lighting. None of these have fallen for renewal in 2024-5. There is evidence of multiple quotes being sought for other items purchased.

Payments were supported by invoices. Payments are approved by the council authorising them and invoices are initialled by two signatories. For online payments, the clerk actions the payment with the bank; payments are executed by two signatories authorising the payment with online banking. There is a record of authorisation as a schedule of invoices is signed.

A VAT reclaim for has been made in-year for £1,043.26. The clerk advises that normally VAT is claimed half-yearly.

Payments for the year - **£39,954.01**

A sample of 15 payments were tested to the cashbook, supporting invoices, bank statements, payroll documentation and council minutes. There was a minor error where the notice board supplier was underpaid by £0.01.

Internal control objective met: YES

Recommendations:

- **Update Financial Regulations and Standing Orders to the latest NALC model, released April 2025.**

C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these?

The Risk Assessment is fit for purpose and adequate and was reviewed in-year in May 2024 as confirmed in the minutes. This addresses the concerns raised at last year's audit.

Internal control objective met: YES

Recommendations:

- **None.**

D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate?

In-year budget monitoring 2024/5 - Budget reports have been presented to the council quarterly throughout the year, and the fact this has been done is recorded in the minutes, but the full reports are not included in the minutes.

Budget and Precept 2025/6 - The council has followed a budgetary process, which included consideration of reserves. The budget and precept for 2025/6 was set by full council in January 2025, the precept being £33,444. Further income budgeted is: Interest £200, VAT refunds £1,000 and giving total predicted receipts of £34,944.00.

Planned payments on regular operating costs (Net Revenue Expenditure/NRE) total £34,944. The general reserve was budgeted to be £35,000 which is circa 100% of NRE and is therefore at an ample level as JPAG best practice guideline is to have 3 to 12 months' of net revenue expenditure in general reserves; the council will need to monitor general reserve to ensure they do not go too far above 100% of NRE. Further plans were made to spend £62,000 of which £50,000 is from earmarked funds and £12,000 from earmarked reserves, meaning the council total planned spend is £96,944.00.

As per last year's audit, the minutes do not include an adequate detail of the budget and only state the precept. I would recommend that the minutes include a copy of the full budget for transparency. I also cannot find the budget on the council's website.

Reserves –the year-end balance is £74,875.61. Of this the 2025/6 budget indicates that £12,000 is in earmarked reserves. I note the council has a further £50,000 of projects planned from earmarked spend in 2025-6, but this money is not shown as being held in an earmarked reserve. I think it would

be worthwhile reviewing what is in earmarked reserves. Any items with conditions attached to spend such as CIL, grants may be better placed in earmarked reserves to aid monitoring of spend.

Internal control objective met? YES

Recommendations:

- **Record in full key reports such as budget reports, bank reconciliation and budget setting in minutes, as it is essential to have a transparent record of them.**
- **Review earmarked reserves.**

E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for

Receipts for the year - **£36,539.76.**

Receipts comprised of precept (£31,920), CIL NF (£1,492.55), VAT refund (£1,043.26), interest (£324.43), insurance claim (£1,420.00), reimbursement of overpayment (£339.52).

In regard to the VAT refund for April to November 2024, an amount of £6.00 VAT paid for the website on 30/9/24 was not included on the claim.

I have seen the precept request form for 2024-5 but the amount requested is not visible on the form. I checked the SC precept record which correlates with the precept paid.

Internal control objective met? YES

Recommendations:

- **Please provide the precept request form next year with all figures visible.**
- **Include the £6 VAT missed off the claim on next claim.**

F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for?

No petty cash is held.

Internal control objective met? N/A

Recommendations: N/A

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

The council has had 3 employed clerks and 3 locum services during the 2024/5 year. I have not been given a payslip for the employee paid up until April 2024. I also have not seen any contracts for the locum clerks. Therefore, I cannot confirm that they were paid in accordance with a contract (be that employed or self-employed), or what arrangements were in place to ensure tax due was paid regarding the locum clerks or the clerk in employment last paid in April 2024. The current clerk only started in role in mid-March 2025 so has not been paid in this financial year. I can see she has a contract of employment, the approval of which was minuted by council.

I have tried to assess the accuracy of payments to the previous permanent clerk, in post from Summer 2024 to Winter. Salary has been calculated at the rate in the clerk's contract and the pay award was applied and approved correctly. However, as her exact start date differs from the contract, I cannot verify the exact overall amount of pay due without knowing this.

PAYE and RTI returns have been completed using RTI accredited software. Deductions of PAYE and NI have been made correctly. I have seen a P45 for the employee who was in post for the majority of this year but not the earlier employee.

The last two permanent clerks were members of the NEST pension scheme, as is the current clerk. The council's re-enrolment date with The Pensions Regulator is January 2026.

Internal control objective met: NO

Recommendations:

- **In future, please have contracts available to view for all staff, whether locum or permanent. This ensures the council is complying with HMRC rules and not accruing a tax liability.**
- **Please have all pension returns available to view and P60s/P45s.**

H. Asset and investments registers were complete and accurate and properly maintained.

The Council's fixed asset register/inventory was examined. It has 3 columns on value – purchase price, insurance value and asset value. The clerk has clarified asset value is the applicable column and records assets at first recorded value. On the AGAR, the assets are recorded using this column, hence they are at first recorded value. Registers can also show current insurance value, and it is common for registers to include other notes on value. The format of the register means the information on it is not as clear as it could be. The register was reviewed in year in March 2025, and this is minuted.

The Council's insurance policy, provided by Ansvar, commenced on 1st June 2024, cover having been and expires on 31st May 2025. The level of cover appears to be adequate for the value of the assets on the register.

Internal control objective met: YES

Recommendations:

- **I think the register needs to be presented so it is clearer as to what each category of value is.**

I. Periodic and year-end bank account reconciliations were properly carried out.

In October, the Clerk/RFO has presented a periodic bank reconciliation which has been agreed by council. I have seen the full reconciliation and corresponding bank statements and can confirm the end-of-year reconciled balance is £74,875.61. I have also checked the bank reconciliation to year-end and found it to be accurate. I note that the council receives bank reconciliations monthly - I would recommend that bank reconciliations are included within the minutes or as a published appendix.

Internal control objective met: YES

Recommendations:

- **Publish bank reconciliation as part of the minutes for transparency.**

K. If the authority certified itself as exempt from a limited assurance review in 2023/4, it met the exemption criteria and correctly declared itself exempt?

N/A.

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?

Before 1st July, publish:

- The Annual Internal Audit Report (recommended but not mandatory);
- The Annual Governance Statement;
- The Accounting Statements;
- A declaration that the accounts are as yet unaudited;
- Details of the arrangements for the exercise of public rights;
- The name and address of the External Auditor

Before 1st October, publish:

- Notice of the conclusion of the audit;
- The Annual Governance Statement (including any amendments as a result of the limited assurance review);
- The Accounting Statements (including any amendments as a result of the limited assurance review);
- The External Auditor Report and Certificate

Internal control objective met? YES

Recommendations: The Internal Audit report was not published. This is recommended, but not mandatory so does not affect my overall opinion.

M. In the year covered by the AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations?

The authority did prepare a notice of exercise of public rights and it was published on the website.

Internal control objective met: YES

Recommendations: None.

N. The authority has complied with the publication requirements for the 2023/4 AGAR?

The authority must do the following:

Before 1st July, publish:

- The Annual Internal Audit Report (recommended but not mandatory);
- The Annual Governance Statement;
- The Accounting Statements;
- A declaration that the accounts are as yet unaudited;
- Details of the arrangements for the exercise of public rights;
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- The Accounting Statements (including any amendments as a result of the limited assurance review);
- The External Auditor Report and Certificate

Internal control objective met:

Recommendations: None.

O. Trust funds (including charitable) – The council met its responsibilities as a trustee?

To the best of my knowledge, the Council does not act as a sole trustee for managing a trust fund or asset.

Recommendations: N/A.