

# Chardstock Parish Council

## Internal Audit Report

Year Ended 31<sup>st</sup> March 2025

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**Prepared by:** Aalgaard Renshaw Business Solutions Ltd

**Date of Interim Visit:** n/a

**Date of Final Inspection:** 4<sup>th</sup> June 2025

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## **Internal Audit Regulation**

*All town and parish Councils are required, by the provisions set out in **The Audit Commission Act 1998** and **Accounts and Audit Regulations** (issued from time to time under the Act) to arrange for an independent internal audit examination, to be undertaken in respect of the authority's accounting records and of internal control. The conclusions of the said examinations are, thereafter, reported at Section 4 of the authority's Annual Return for the relevant year.*

*Internal auditing is defined as "an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its' objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."*

*Aalgaard Renshaw Business Solutions Ltd was appointed as the Internal Auditor by Chardstock Parish Council, for the Municipal Year 2024/25*

*The Internal Audit Review was undertaken after the year end. This audit included compliance and substantive testing to ensure that the control objectives are being met.*

*The Audit does not guarantee that the accounting records are free from fraud or error.*

*This report details the scope of the assessment undertaken in relation to Chardstock Parish Council for the 2024/25 financial year. This assessment was undertaken on 4<sup>th</sup> June 2025.*

## **Methodology**

*When undertaking the Internal Audit for the financial year 2024/25 regard has been given to the materiality of the authority's transactions and the potential for mis-recording or misinterpreting the same in year- end Statement of Accounts/ Annual Return.*

*Aalgaard Renshaw Business Solutions Ltd operates an investigatory programme, designed to provide the requisite level of assurance that the audited authority has appropriate and robust financial processes in situ, which ensure that transactions are enacted with both efficacy and integrity and which provide a reasonable probability that any material errors, or possible abuses of organisational, or national, regulatory frameworks are easily identifiable.*

*The Internal Audit programme applied by Aalgaard Renshaw Business Solutions Ltd also facilitates the completion of the Internal Audit Report, which forms part of the authority's Annual Return document.*

## **Observations and Conclusion**

*Having undertaken a comprehensive Internal Audit of Chardstock Parish Council's accounting records and system of internal control, we have concluded that, based on our inspection, the Parish Council has maintained an effective and accurate system of internal control arrangements for the accounting period 2024/25.*

*There are a few minor matters which require the attention of the Clerk/ RFO. However, these do not detract from the overall efficacy of the day to day running and performance of the body.*

*The Parish Council Membership is to be commended for the professional manner in which it has exercised its' functions during the 2024/25 Municipal Year. It seems clear that the parishioners of Chardstock are served by an efficient, effective and successful Parish Council, which clearly provides well for the area.*

*A special mention must also be given in relation to the absolute professionalism of the Parish Clerk/ RFO, who maintains excellent records, and displays a great deal of in-depth knowledge and enthusiasm, in respect of Parish Council management.*

*The Parish Council's 'Internal Audit Report', of the Annual Return, has been duly completed and signed. We are of the firm opinion that the control objectives set out in that report have been achieved within the financial year to a high standard and thereby easily meets the needs of the Council.*

## **Acknowledgement**

*Aalgaard Renshaw Business Solutions Ltd would like to take this opportunity to thank the Members of Chardstock Parish Council for their instruction to undertake their Internal Audit for 2024/25.*

*Aalgaard Renshaw would particularly like to thank the Clerk & RFO for her kind assistance.*

***Carolyn Y. May LLB (Hons), M.A (Finance & Investment), BSc.***

*Aalgaard Renshaw Business Solutions Ltd*

## Overview of Council and Corporate Governance Statement

Terms of Engagement		Ref	Notes
1.	Review Terms of Engagement; confirm that engagement is appropriate to this financial year.	n/a	Engagement by Email;
2.	Confirm the professional independence and competence questionnaire has been completed and agreed with the client	n/a	Confirmed:
3.	Agree Internal Audit fee with client	n/a	Agreed a cost of £ 300.00 plus VAT
4.	Agree attendance date	n/a	Agreed by telephone; work undertaken at Parish Council Office 4 <sup>th</sup> June 2025.

Planning Notes		Ref	Notes
5.	Number of Electors	n/a	411 (Tax Base)
6.	Precept sum	Minutes	£31,715
7.	Other Income (Total)	n/a	VAT £640.65 Bank Interest £ 45.89 Grant (1) £490 Grant(2) £409.29 <b>Total + £ 1,585.83</b>
8.	Key Personnel	n/a	Clerk / RFO
9.	Type of Manual Accounting in Place	n/a	Exel
10.	Any significant changes to staff/ procedures since previous Internal Audit?	n/a	None
11.	Are there any matters arising from the last Internal Audit and/ or Management Letter?	n/a	Twelve matters were raised by the Internal Auditor for 2023/24. These have been properly addressed, and were minor in nature. The Auditor appears to have focussed solely on the Parish Council Finances with methods of control having been omitted from the report
12.	Have there been any matters arising from discussions with Council, including whether there is any evidence of fraud/ material mis-statement?	n/a	None evidenced from an inspection of Parish Council Minutes. Discussions with the Clerk/ RFO did not highlight any potential issues.
13.	Key high risk/ expected problem areas	n/a	None

<b>Observations</b>	<b><i>Satisfactory, no issues identified.</i></b>
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## Corporate Governance Statement

Area	Response (please provide detail below or on supplementary pages)
<p>Please confirm whether or not Standing Orders and Financial Regulations are in place.</p> <p>If so, when were they last updated and formally adopted by the Council?</p> <p>(Please provide an electronic copy of both).</p>	<p>Standing Orders and Financial Regulations are in place.</p> <p>These were reviewed and re-adopted at the Annual Parish Council Meeting, held on the 8<sup>th</sup> May 2024. Minutes 24/66 (a) and (b) refer.</p> <p>It was noted that the Parish Council has not yet adopted the 2024 NALC Updated Financial Regulations. This should be undertaken in early course.</p>
<p>Where original minutes are not provided for our examination, please confirm that each page of the master copy is signed or initialed by the Chairman at the subsequent meeting when they are approved.</p>	<p>Original Minutes were provided and viewed. All documents were signed in accordance with the terms and conditions set out in the Local Government Act 1972 Sch:12 Para 41(1).</p>
<p>Does the Council meet the criteria for adoption of the General Power of Competence and, if so, has it been adopted. Please confirm minute reference and date.</p> <p>If reliance is still placed on S.137, etc., when considering the approval of grants and donations to local (and other) bodies, are the relevant powers considered and formally minuted?</p>	<p>Yes. The Clerk is CILCA qualified. The Power of Competence was correctly adopted in 2023.</p> <p>S.137 is not applicable to the Parish Council.</p>
<p>Please confirm that all internal and external audit reports are presented to and agreed by members, also with agreement on the actions to be taken to address any issues identified. Again, please provide detail of the relevant meeting and minute reference.</p>	<p><b>The Internal Audit</b> Report 2023/24 was presented to, and approved by, the Parish Council at the Ordinary Parish Council Meeting, held on the 12<sup>th</sup> June 2024 (Minute 24/081€ refers).</p> <p>It was <b>agreed</b> that all matters raised should be addressed by the Clerk/ RFO. This work has been undertaken</p> <p><b>The External Audit</b> Report (2023/24) was presented, and approved, by the Parish Council at the Ordinary Parish Council Meeting, held on the 12<sup>th</sup> of October 2024 (Minute 24/117 (c)2024/25 refers).</p> <p>There were no matters raised by the 2024/25 External Auditor.</p>
<p>Has the Council reviewed an updated version of the financial risk assessment and formally approved its re-adoption (Governance and Accountability Manual – 2014 refers)</p>	<p>The Financial Risk Assessment document was inspected by the Auditor, and found to be in compliance with the regulations set out in the extant Governance and Accountability Manual.</p> <p>Amendment were made to the document, following receipt of the 2023/24 Internal Audit. The document was reviewed and re-adopted by the Parish Council at the Ordinary Meeting held on 12<sup>th</sup> March 2024 (Minute 24/127(f) refers).</p>

<b>When approving payments for release, do those members signing cheques examine and sign / initial individual invoices. Please provide a brief description of the approval process from receipt of invoice through to release of funds, on a separate sheet.</b>	<p>Prior to each Ordinary Parish Council Meeting, the Clerk/ RFO disseminates the payment schedule to all Members. The Clerk/RFO appends a payment record to each invoice to be discharged. At the appropriate meeting all Members inspect the invoices, and match each to the payment schedule. All payment records are signed by two Members, once approved for payment.</p> <p>It was noted that care has been taken to ensure that a selection of signatories are selected to approve payments. The payment schedule is also appropriately signed.</p>
<b>Are all individual payments by direct debit, bankers' standing order or internet, if in use, similarly examined and approved for payment by members? Please provide detail of the controls in place over such payments, where different to those for cheque payments.</b>	<p>Yes. The Parish Council employs a particularly stringent process of inspection.</p>
<b>Does the Council / a nominated member review the detail of bank reconciliations routinely throughout the year and verify detail to underlying cashbooks and bank statements (Governance and Accountability manual refers)</b>	<p>This task is undertaken monthly by the whole of the Parish Council Body.</p>
<b>Please provide a brief description of the approach taken to the preparation and approval of the Annual Budget and Precept.</b>	<p>A comprehensive budget setting process was engaged in by the Members. The Clerk had provided detailed analysis of income/ expenditure to date, projected expenditure to year-end and a calculated increase/ decrease in expenditure per budget head. The impact of any precept increase was calculated in relation to Band D properties in the Parish.</p>
<b>Does the Council formally consider and approve the level of reserves (General and Earmarked Funds) to be carried forward to the next financial year?</b>  <b>(Such consideration should be minuted formally).</b>	<p>No. It is recommended that this is undertaken in conjunction with the Budget / Precept Setting Process.</p>
<b>Has a physical examination / verification of the Councils stock of assets been undertaken?</b>	<p>Yes. All assets are appropriately recorded and inspected.</p>
<b>Are asset values based on purchase cost net of VAT (where known)? Where detail of the purchase cost is unknown, asset values should be reported on the Annual Return at the same value as the previous year, except where new assets are acquired or disposed of.</b>	<p>The Parish Council holds a comprehensive Asset Register, which was inspected by the Internal Auditor.</p> <p>Currently, Parish Council assets are valued at £58,018.43.</p>
<b>Does the Council act as Sole or Custodial trustees of any charitable funds? If so, are the transactions excluded from the Annual Return financial detail at Section 2?</b>	<p>No</p>

<b>Observations</b>	<p><i>It is recommended that :</i></p> <ul style="list-style-type: none"> <li>• <i>That the Parish Council Standing Orders/ Financial Regulations/ Code of Conduct should be placed on the Parish Council website.</i></li> <li>• <i>Earmarked Reserves should be determined when the Annual Budget is determined.</i></li> </ul> <p><i>It is noted, at this juncture, that a new Parish Council website was recently created and that, as at the date of this report, not all information has been placed on the new site, but that this is currently in progress.</i></p>
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## Professional Independence and Competence Questionnaire

The internal audit function must be sufficiently independent from the management of financial controls and procedures of the council which are the subject of review. The person or persons carrying out internal audit must be competent to carry out the role in a way that meets the business needs of the council. The two key principles, which councils must follow in setting up their internal audit function are; **independence and competence**.

<b>Independence</b>	
Do you have any specific reliance on the fee to be earned from this assignment	No
<b>Overdue fees</b>	
Does the client/group of clients owe the firm any money which exceeds our normal credit terms?	No
<b>Litigation</b>	
Is there any actual or anticipated litigation between us and the client in relation to fees, audit work or other work?	No
<b>Associated firms</b>	
Are you or your staff associated with any other practice or organisation which has had any dealings with the client council?	No
<b>Family or other personal relationships</b>	
Do you or any of your staff have personal or family connections with the council or its officers?	No
<b>Mutual business interest</b>	
Do you or any of your staff have any mutual business interests with the client or with an officer or employee of the client?	No
<b>Financial involvement</b>	
Do you or your staff, or anyone closely related to you or any of your staff, have any financial involvement in the client in respect of the following:	
Any beneficial interest in shares or other investments?	No
Any loans or guarantees?	No
<b>Goods and services: hospitality</b>	
Have you or any of your staff accepted materials, goods or services on favourable terms or received undue hospitality from the council?	No
<b>Ex-partners or senior staff</b>	
Has any senior officer of the council been a partner or senior employee of the practice?	No
Is the partner or any senior employee on the audit team in negotiations to join the client?	No
<b>Long association</b>	
Have you been acting for more than 10 years? If yes, then consider rotation/engagement quality review.	No
<b>Provision of other services</b>	
Do we provide any of the following services to the client:-	
Accounting services, book-keeping or payroll services	No
Staff secondments	No
IT services where we are involved in the design, provision or implementation of systems	No
Specialist valuations which are included in the accounts	No
Tax compliance work or tax planning	No

### Section 1 – Maintenance of Accounting Records & Bank Reconciliations

## Internal Control Objectives

	Control Objective	Comments
A	Has the RFO been appointed with specific duties? (S.151 LGA 1972)	Yes. This is undertaken annually.
B	Appropriate records of account have been properly kept throughout the year	The Parish Council is fully compliant in this regard.
C	Closing Cashbook Balance	£ 10,291.71
D	Formal, year-end, Bank Reconciliations were carried out.	The Parish Council is fully compliant in this regard.

<b>Observations</b>	<b><i>Satisfactory – no issues identified</i></b>
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## 2. Review of Corporate Governance

	Control Objective	Comments
E	There are appropriate governance arrangements in place to help ensure compliance with extant legislation and that no decisions are taken that may result in unlawful, or unbudgeted costs.	<p>The Parish Council operates stringent and effective processes which ensure that the body is compliant with governing legislation. Financial Regulations are comprehensive, and studiously adhered to.</p> <p>The Body is managed by a competent and effective Clerk/ RFO, and all Members actively engage with compliance processes.</p>
F	The Council's Financial Regulations have been met, payments were supported by invoices, expenditure was approved, and VAT was appropriately accounted for.	The Parish Council is fully compliant in this regard. However, it is recommended that the Amended 2024 Financial Regulations be adopted in early course.
G	Procurement	The Procurement processes and regulations are clearly set out in the Parish Councils' Financial Regulations. However, discussions with the Clerk/ RFO highlight the fact that there is little Parish Council activity that would necessitate use of the procurement regulations.
H	Clarity of Records	Parish Council records were complete and of a good standard. However, It is recommended that all policies are published on the Parish Council website, in early course.
I	Precept Setting 2025-26	This exercise was undertaken at the Ordinary Parish Council Meeting, held on the 11 <sup>th</sup> December 2024 (Minute24/141(g) refers).

<b>Observations</b>	<b><i>Satisfactory, no issues identified.</i></b>
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### 3. Review of Expenditure

	Control Objective	Comment
J	Payments	All Payments were accounted for on the Exel Spreadsheet. A sample of invoices, covering four months was compared against both payment schedules and the payment records. These entries were accurately recorded, and compliant with recognised accounting practices.
K	VAT	The sum of £640.65 was reclaimed in March 2025. This sum is recorded in 'receipts' on the Exel Spreadsheet.
L	Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	Petty Cash is not utilised.
M	Clerk's Expenditure	The Clerks' Expenditure was inspected. It was noted that all expenditure was appropriate and properly accounted for.

Observations	<i>Satisfactory, no issues identified.</i>
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### 4. Review of Income

	Control Objective	Comment
N	The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate	The Parish Council is fully compliant in this regard.
O	Expected income was fully received, based on correct prices, properly recorded and promptly banked, with VAT appropriately accounted for.	The Parish Council is fully compliant in this regard.
P	Are there any significant, unexplained, variances from the budget?	None identified. Budget documents (spreadsheet) and Income/ Expenditure records were inspected for unexplained variances.

Observations	<i>Satisfactory – no issues identified</i>
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### 5. Review of Capital Budgeting

	Control Objective	Comment
Q	Sale of fixed assets	N/A
S	Use of income from sales (de minimis £10,000)	N/A
U	Capital Expenditure	N/A
T	Long-term capital budget/ rolling capital schemes	N/A

Observations	<i>Satisfactory – no issues identified</i>
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## 6. Review of Employment Arrangements

	Control Objective	Comment
U	Each employee has been issued with a contract of employment, with clear terms and conditions	Yes. This was inspected by the Internal Auditor, and found to be appropriate.
V	Salaries paid agreed with those approved by the Council	Yes
W	Are all employees in a registered pension scheme/ have all employees been offered the opportunity to enrol in a work pension scheme	No.  Financial Provision is made in the Parish Council Budget for Pension requirements. However, the current Clerk elected not to enrol in the available scheme.
X	Are other payments made to employees reasonable and approved by the Council	Yes.
Y	Have PAYE / NIC been properly operated by the Council as an employer	Yes.
Z	Does the Council have current, appropriate Employer Liability Insurance?	Yes

<b>Observations</b>	<b><i>Satisfactory – no issues identified</i></b>
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## 7. Risk Management Arrangements

	Control Objective	Comment
AA	Does a review of the minutes identify any unusual financial activity?	None identified.
AB	Do the minutes record the Council carrying out an annual risk assessment?	Yes. An Annual Internal Financial Control Review was undertaken (Minute 24/028(g) refers).
AC	Is insurance cover current, appropriate and adequate?	Yes. The Parish Council is properly insured under an ANSVAR Community Action Suffolk Policy, Reference ACY 2381623.
AD	Is the Fidelity Guarantee appropriate and has it been reviewed?	Yes. The Fidelity Guarantee is £25,000. This is an appropriate sum for a Parish Body of Chardstock PC size.
AE	Are internal control systems documented and regularly reviewed?	Yes.
AF	Has the Council carried out a review of the effectiveness of internal auditing during the year?	Yes. Matters raised by the Internal Auditor have been addressed and implemented.
AG	Has appropriate action been taken regarding matters raised in reports from Internal Audit?	Yes. Matters raised by the Internal Auditor have been addressed and implemented.
AH	Have adequate measures and steps been put in place in respect of GDPR.	The Council has appropriate policies to address GDPR.

<b>Observations</b>	<b><i>Satisfactory – no issues identified</i></b>
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## 8. Asset Register

	Control Objective	Comment
AI	Does the Council maintain a register of all material assets owned, or in its care?	Compliant
AJ	Are the assets and investments register up to date?	Compliant
AK	Have dates of acquisitions been noted?	Compliant
AL	Is a life estimate recorded?	
AM	Has the location of the item been recorded?	Compliant
AN	Have costs of acquisitions and enhancement been recorded?	Compliant
AO	Have dates of upgrade and disposal been noted?	Compliant
AP	Do asset insurance valuations agree with those in the asset register?	Yes – inspected by the Internal Auditor

<b>Observations</b>	<i>Satisfactory, no issues identified.</i>
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## 9. Investments and Loans

	Control Objective	Comment
AQ	Have all excess balances been appropriately and prudently invested in appropriate accounts for safeguarding? (LGA 2003 and guidance issued by the Secretary of State).	Yes
AR	Does the Council have, documented and approved, appropriate recovery actions for unpaid debts/ writing off, of irrecoverable debts process/ debt monitoring arrangements in place?	No. This is not a likely scenario. However, should it be necessary to pursue a debtor, advice would be sought from a professional source.

<b>Observations</b>	<i>Satisfactory</i>
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## 10. Audit Notices and Annual Return

	Control Objective	Comment
AS	Were these advertised to the public?	Yes – Inspected by the Internal Auditor

<b>Observations</b>	<i>Satisfactory, no issues identified.</i>
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## 11. Transparency

	Control Objective	Comment
AT	Publication Method of Agendas/ Minutes	Website/ Notice Board
AU	Publication of Annual Governance Statement	Website/ Notice Board
AV	Public Meeting date	24 <sup>th</sup> April 2024
AW	List of Council Members and their responsibilities	List of Members
AX	Councillors Code of Conduct/ Complaints	To be advertised on website
AY	Financial Regulations/ Standing Orders	To be advertised on website

Observations	<i>It is recommended that the policies referred to should be made available to parishioners via the Parish Council website.</i>
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