
Badsworth Parish Council

Internal Audit 2024/25:

9 May 2025

For and on behalf of Phil Parkin Ltd



Internal Audit Forum

THE VOICE FOR LOCAL COUNCIL AUDIT

Background and Introduction

All town and parish councils are required by statute to make arrangements for an independent internal audit and for the conclusions to be reported each year in the Annual Governance and Accountability Return (AGAR). The Parish Council has requested that Phil Parkin Ltd provides this service, based on a letter of engagement agreed and signed by the Council.

Phil Parkin Ltd is a member of the Internal Audit Forum – an association of Internal Auditors for local councils which seeks to promote high quality internal audit.

This report sets out the work undertaken in relation to the 2024/25 financial year. I wish to thank the Clerk for assisting the process and providing documentation including some in electronic format, to facilitate the audit.

Independence and Ethics

I can confirm that I comply with the FRC's Revised Ethical Standard 2024 covering Integrity, Objectivity and Independence. Additionally, I confirm that I comply with the International Ethics Standards Board of Accountants (IESBA) Code of Ethics which is based on five principles:

- integrity
- objectivity
- professional competence and due care
- confidentiality
- professional behaviours

I am not aware of the any relationships that might constitute a threat to my independence.

Internal Audit Approach

In undertaking my audit, I have been guided by Section 4 of the Practitioners' Guide, March 2024. The Council's Clerk assisted the audit by preparing suitable evidence.

This report has been prepared for the sole use of Badsworth Parish Council. No responsibility or liability is accepted by Phil Parkin Ltd to any third party who purports to use or rely, for any reason whatsoever, on this report, its contents or conclusions.

In addition to the evidence provided, substantive testing of underlying accounting records was undertaken.

Overall Conclusion

The Council has had a challenging time but has now established a full compliment of five councillors. There have been significant improvements from last year, though some areas can still be strengthened. Consequently, I have made recommendations where appropriate.

I have entered positive assessments on the Internal Audit section of the AGAR for most control objectives, except for C – risks, D – budgets and monitoring, and M – public rights.

Detailed Report

My detailed report follows the structure of the Annual Internal Audit Report section of the AGAR.

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

Accounts are maintained on a spreadsheet, which adequately records all transactions. The closing balance for the previous year was correctly brought forward into 2024/25.

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

There is evidence in the minutes that quotations were sought where appropriate.

Following on from the difficulties last year, records are much improved and I was able to confirm that payments were supported by invoices. A reimbursement in September 2024 to a councillor for £55.99 was incorrectly added up and should be £55.86. Also VAT of £1.89 was not reclaimed on a receipt from Markham Grange.

Financial Regulations are not based on the latest NALC model; I understand that these are to be revised shortly.

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

The last risk assessment to be prepared is now well out of date, and is scheduled to be reviewed in October 2025. Also, an assessment of the effectiveness of internal controls (a requirement of the Accounts and Audit Regulations 2015) has not yet been carried out. This is also to be put in place in the coming year.

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The Fidelity Guarantee is for £500,000 which adequately covers the funds held by the Parish Council.

Back up arrangements provide for the Council's data to be backed-up to the cloud and also to an external hard drive.

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

The Parish Council set a precept for 2024/25 of £11,000 at its meeting on 20 February 2024. At that time, the Council had significant operational difficulties and did not base the precept on a budget. Instead it rolled forward the previous level of precept, until it had opportunity to formalise a budget.

A budget was subsequently prepared later in the year, and budget monitoring reports commenced from November 2024.

The Council has identified that it no longer needs an earmarked reserve currently standing at £39,000, and intends to utilise this to subsidise the precept over a number of years. It also has possible traffic management projects and needs to determine how much to set aside for this and other possible projects.

I recommend that the Council formalises its reserves position, identifying an amount for general reserves, and separate earmarked reserves, which may include a long term precept subsidy.

Taken overall, I conclude that this control objective was not met.

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

I confirmed that the precept of £11,000 was received on 15 April 2024.

The VAT claims for 2023/24 and 2024/25 have not yet been submitted due to difficulties in establishing how to do so, with HMRC.

The only other receipts in the year were interest from the Barclays Business Premium Account, totalling £583.61, which I confirmed to the bank statements.

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

The Council does not hold any petty cash.

G. Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.

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I saw the contract of employment for the Clerk employed in 2023/24, and tested a sample of payroll. I found the gross pay and deductions to be correct

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

The Council has an up to date asset register, which has been approved by the Council. The AGAR showed £10,407, which was the previous year's figure. It has now been amended to reflect the correct figure of £11,356.

I. Periodic bank account reconciliations were properly carried out during the year.

Bank reconciliations were prepared during the year and presented to the Council. I reviewed the January 2025 reconciliation and agreed it to the bank statements. The total on the reconciliation was shown as £45,420.25, but should have been £45,716.08, though this did not invalidate the reconciliation. I also confirmed that the year-end reconciliation was supported by bank statements.

J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.

The accounts are maintained on the correct basis, namely receipts and payments. I reviewed the Accounting Statements and found that the staff costs and other payments did not agree to the accounts. This was due to a year end adjustment being incorrectly made, and has now been corrected.

K. If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt.

The Council continues to meet the exemption criteria. The exemption certificate reflected the correct receipts and payments.

L. The authority published the required information on a website / web page, up to date at the time of the internal audit in accordance with the relevant legislation.

The Council complies with the legislative requirement to publish five year's accounts.

M. The authority has, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.

The notice of public rights was originally planned to commence on 27 June and meet the statutory requirements. However, due to an administrative error, the AGAR was not approved until 24 July 2024, and the revised public right dates (Thursday 25 July 2024, to Monday 20 September 2024) did not cover a 30 day period, or the first ten days of July. Consequently, this requirement was not met,

I recommend that the correct notice period be used for the 2024/25 accounts in the summer of 2025.

N. The authority complied with the publication requirements for the prior year AGAR.

The publication requirement for 2023/24 were mostly met. Sections 1 and 2 were published as was the notice of public rights. The only omission was an analysis of variances. This was due to the absence of reliable records and accounts from the previous year. The Council did, however, publish all its detailed accounts to facilitate transparency.

O. Trust funds (including charitable)

The Council does not act as trustee for any trust funds.

Report ends