
Nuneham Courtenay Parish Council

Internal Audit Report 2024-25

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Background

Statute requires all town and parish councils to arrange for an independent internal audit examination of their accounting records and systems of internal control and for the conclusions to be reported each year in the Annual Governance and Accountability Return (AGAR).

This report sets out the work undertaken in relation to the 2024-25 financial year. We have again undertaken the year's review remotely: we wish to thank the Clerk in assisting the process, providing some (but not all) necessary documentation in electronic format to facilitate completion of our review and sign off of the Internal Audit Certificate in the year's AGAR. We have undertaken sufficient testing to ensure that governance and financial controls remain effective.

Internal Audit Approach

In undertaking our review for the year, we have again had regard to the materiality of transactions and their susceptibility to potential misrecording or misrepresentation in the year's AGAR. Our programme of cover, as applied to all clients, is designed to afford appropriate assurance that the Council's financial systems are robust and operate in a manner to ensure effective probity of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory regulatory framework. The programme is also designed to facilitate our completion of the 'Internal Audit Report' in the Council's AGAR, which requires independent assurance over several internal control objectives.

Overall Conclusion

We have noted a significant reduction in the quality of governance and financial control procedures in 2024-25, which has contributed to the very late submission of this audit for review (the Statutory Date being 30 June).

We have duly completed and signed the 'Internal Audit Report' as part of the AGAR process, noting the governance failures highlighted in this report. We have made a number of other observations throughout this report for consideration by the Council. The Council now needs to take urgent action to address these failings, to return the Council to its previous satisfactory level of Public Accountability.

Finally, we would note that this is the last audit that we will undertake for Nuneham Courtenay. It is hoped that Auditing Solutions will be shortly sold as a Going Concern, and that the Council will be able to continue with a new and preferred audit provider without interruption.

We express our gratitude to the Council, and the Clerk, for the opportunity to have been of service over the years, and we wish the Council all future success.

Detailed Report

Review of Accounting Records and Bank Reconciliations

The Clerk maintains the Council's accounting records using an Excel spreadsheet, which we consider to be more than adequate given the annual level of transactions. Two bank accounts are in use with Barclays (Community and Business Premium). The cashbook contains appropriate columnar analysis to provide information for inclusion in the statutory Accounts as set out in the AGAR.

We have test-checked a sample of financial transactions to the relevant bank statement, with no issues arising.

We note with concern that an accurate bank reconciliation has not been presented to the Council since July 2024. This failing was highlighted in the 'Certificate of Internal Financial Control' undertaken by a Councillor in June 2025. We completed the bank reconciliation as at 31 March 2025 during our review. While it is clearly the Clerk's responsibility to maintain and report on bank reconciliations, there is an obvious lack of Council governance and accountability over this issue, as the Council should have undertaken prompt remedial action once the failing had become apparent.

Conclusion

There is a clear failure of governance over the bank reconciliation procedure during the year, and likely in 2025-26 up to the date of this report. In light of this, we feel that the Council should report 'No' against Assertions 1 and 2 of its 2024-25 AGAR Governance Statement (Section 1).

Review of Corporate Governance

Our objective in this area is to ensure that the Council is complying with best practice and has put in place appropriate arrangements to ensure that good governance is practiced and observed.

We note that the Council has revised both its Standing Orders (SO's) and Financial Regulations (FR's) during the year, which accord with the latest NALC Model Forms.

We have reviewed the Council's Minutes for the year to ensure that, as far as we may reasonably be expected to ascertain, no issues exist or are developing that may have an adverse affect on the Council's financial stability either currently or in the foreseeable future and are pleased to note that no such issues have been identified.

We note that the Council's website continues to meet the publishing requirements of both the Accounts and Audit Regulations and the Transparency Code.

We can confirm that the Exercise of Public Rights with regard to the 2023-24 Accounts was not properly undertaken in accordance with the Accounts and Audit Regulations.

Conclusion

There are no issues arising in this area of our review warranting formal comment or recommendation.

Review of Expenditure

Our aim here is to ensure that: -

- Payments are supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and/or an acknowledgement of receipt, where no other form of invoice is available;
- All payments are approved by members and recorded in the Minutes of the relevant Council meetings
- Relevant Standing Orders and Financial Regulations have been met in relation to formal tendering processes;
- The correct expenditure analysis has been applied to payments when processed; and
- VAT has been appropriately identified for periodic recovery.

We have reviewed a sample of 2024-25 transactions, with no issues arising.

We note that VAT transactions are properly recorded in the cashbook, and an annual reclaim is undertaken. However, we would suggest that, in order to provide a straightforward reconciliation, the annual total is the sum that should be reclaimed, rather than figures across financial years.

Conclusion

There are no issues arising in this area of our review warranting formal comment or recommendation, other than our concern about the reconciliation of the VAT reclaim.

Assessment and Management of Risk

We note that the Council reviewed its Risk Register at its March 2025 meeting, which has been published on its website. This meets the requirement of Financial Regulations for at least an annual review.

The Council insures its assets and procedures via Zurich Municipal. We have examined the insurance schedule and consider that it is in line with the Council's needs with Public and Employer's Liability cover set at £12 million and £10 million respectively, Fidelity Guarantee at £250,000 and sufficient cover for the Council's assets.

Conclusion

There are no issues arising in this area of our review warranting formal comment or recommendation.

Budgetary Control and Reserves

We note that the Council approved and adopted a budget and Precept for 2025-26 of £7,320 at its meeting in January 2025. Budget Monitoring is a Standing Item at each Council meeting.

Unlike in previous years, the approved budget does not allow for any Earmarked Reserves. However, we note a Community Infrastructure Levy (CIL) receipt of £12,385 during the year, which is ring-fenced. Therefore, allowing for the cash balance of £23,393 at 31 March 2025, the General Reserve is £11,008, which represents 150% of the agreed Precept against a Best Practice level of 50%. The Council should implement a plan to reduce this high balance to a more normal level over an appropriate time period.

Conclusion

There are no issues arising in this area of our review warranting formal comment or recommendation, other than our concern over the high level of the General Reserve.

Review of Income

The Council has very limited sources of income comprising the annual Precept together with bank interest and VAT refunds, and the CIL receipt referred to above. We have checked and agreed the cashbook income entries to bank statements with no issues arising.

Conclusion

There are no issues arising in this area of our review warranting formal comment or recommendation.

Petty Cash Account

The Council does not operate a petty cash account, Therefore, there are no issues arising in this area of our review warranting formal comment or recommendation.

Review of Staff Salaries

In examining the Council's payroll function, we aim to confirm that extant legislation is being appropriately observed as regards adherence to the requirements of HM Revenue and Customs (HMRC) in the deduction and payment over of income tax and NI contributions.

We note that the Clerk is paid on a timesheet basis (in accordance with the established Policy which is detailed on the Council's website), and paid on NJC hourly rates. We also note that a PAYE record has been set up with HMRC. However, despite several requests, we have not been given any HMRC records to confirm the accuracy of statutory deductions. Therefore we are unable to give any assurance in this area.

Conclusion

We are unable to give any assurance in this area.

Fixed Asset Registers

The Governance and Accountability Manual requires all councils to maintain a record of all assets owned. The Asset Register shown in the Council's website is for a relatively low value, unchanged since 2019-20, and meets the requirements of Government Accounting.

Conclusion

There are no issues arising in this area of our review warranting formal comment or recommendation.

Investments and Loans

The Council holds no specific investments or loans requiring separate disclosure.

Statement of Accounts and AGAR

The Accounts and Audit Regulations, as amended periodically, require all councils to prepare annually a Statement of Accounts, which is now set out in the AGAR at Section 2: This, together with the Annual Governance Statement at Section 1, is subject to independent external audit examination and certification. However, as the Council's annual turnover is below £25,000 it can exempt itself from the "Limited Assurance" regime in 2024-25.

We were required to prepare an accurate Accounting Statement (Section 2) in order to complete our 2024-25 audit review.

We have commented in this report on the lack of governance by the Council over important areas of financial control, and we would strongly advise the Council to honestly reflect this in its responses in its Governance Statement (Section 1).

Based on the overall status of the Council's operative controls we have duly signed off the Internal Audit Certificate in the year's AGAR assigning appropriate assurances in each area.

Rec. No.	Recommendation	Response
No Recommendations made		