

# **Wylve 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 system 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 our review for the year remotely: we wish to thank the Clerk in assisting the process, providing all necessary documentation in electronic format and responding to questions to facilitate completion of our review for the year and sign off of the Internal Audit Certificate in the year's AGAR.

## **Internal Audit Approach**

In undertaking our review for the year, we have had regard to the materiality of transactions and their susceptibility to potential mis-recording or misrepresentation in the year-end Statement of Accounts / AGAR. Our programme of cover is designed to afford appropriate assurance that the Council has appropriate and robust financial systems in place that 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' as part of the Council's AGAR process, which requires independent assurance over a number of internal control objectives.

## **Overall Conclusion**

In general, we continue to offer the Council a reasonable assurance on its governance and internal control during 2024-25. We have, however, made a number of observations for the Council to consider, some of which we have repeated from our last report, most notably with regard to the high level of the General Reserve.

We have, based on the conclusions drawn from this year's review, signed off the Internal Audit Certificate in the year's AGAR assigning appropriate assurances in each relevant area. We are required to note one negative, with regard to the lack of a risk review during the year.

Finally, we would note that this is the last audit that we will undertake for Wyllye. 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

## Maintenance of Accounting Records & Bank Reconciliations

The Clerk maintains the Council's accounting records using an Excel spreadsheet, which is more than adequate given the low volume of annual transactions. A single bank account is in place with Unity Trust Bank, used to electronically process transactions. We have agreed the transaction detail between the cashbook and the bank account for the full financial year, checking and agreeing the year-end cashbook / bank statement reconciliation content ensuring that no anomalous items exist. We have also ensured the accurate disclosure of the year-end balance in the AGAR at Section 2, Box 8.

We would again suggest that the Council gives consideration to opening a Deposit Account to earn a modicum of interest on excess balances.

We can see evidence in the Minutes that Council receives regular reports on the bank balance which, as the Council only currently has one account, satisfies the need to approve bank reconciliations. However, we would again advise Councillors of their responsibility under Financial Regulation (FR) 2.2 to undertake periodic independent checks of the bank statements, although we acknowledge the issues faced by smaller Councils in establishing a truly independent Councillor to undertake this important control.

### *Conclusions*

*There are no issues arising in this area of our review warranting formal comment or recommendation, other than our repeated observations about opening a Deposit Account, and establishing an independent FR2.2 check.*

## Review of Corporate Governance

Our objective here is to ensure that the Council has a robust series of corporate governance documentation and procedures in place, that Council meetings are conducted in accordance with the adopted Standing Orders (SOs) and that no actions of a potentially unlawful nature have been or are being considered for implementation.

We note that SOs and Financial Regulations (FRs) were both reaffirmed at the May 2024 meeting. However, a revised set of FR's was issued by NALC in mid-2024, and we understand that a revised set of SO's were issued in April 2025. The Clerk has agreed to bring the most recent documents to the May 2025 Council meeting for approval. Both the current documents record tendering limits of £5,000, which we regard as appropriate to a Council of this size.

We have reviewed the Council's Minutes for 2024-25 as posted on the Council's website to determine whether any issues exist that may have either a legal or financial impact on the Council and its future financial stability.

We confirm that the Exercise of Public Rights with regard to the 2023-24 Accounts was properly undertaken in accordance with the Accounts and Audit Regulations.

We note that the Council's website contains a good range of information required by the Transparency Code 2015, although care should be taken to keep this comprehensive and up to date.

## *Conclusions*

*There are no issues arising in this area of our review warranting formal comment or recommendation, apart from the need to update SO's and FR's.*

## **Review of Payments & VAT**

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 examined payments made during the year, reconciled to both the cashbook and bank records. We have discussed with the Clerk the importance of adding a schedule of all approved payments to the Minutes of the relevant meeting.

We note that a VAT reclaim for 2023-24 was made and received in 2024-25. The cashbook shows an outstanding balance of £884.20 as at 31 March 2025, to be reclaimed during 2025-26.

We note that the Council is subject to Section 137 of the Local Government Act 1972 for making miscellaneous payments. We note some payments in the cashbook allocated to this Power, but have discussed with the Clerk whether they would be more appropriately allocated elsewhere. The remaining spend is well within the statutory limit.

## *Conclusions*

*There are no issues arising in this area of our review warranting formal comment or recommendation, other than our observation about the importance of including a schedule of approved payments with the Meeting Minutes.*

## **Assessment and Management of Risk**

Our aim here is to ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks in order to minimise the opportunity for their coming to fruition.

We note that the Council did not review its Risk Register during 2024-25. We are required to give a negative assurance on this, which needs to be mirrored by the Council in its Governance Statement (Section 1, Assertion 5).

The Council's insurance cover is provided by Zurich Municipal, and renewable on 1 June. We have examined the insurance schedule noting that both Public and Employer's Liability covers are in place at £10 million each, Fidelity Guarantee at £25,000, and Legal Expenses at £100,000. We have discussed with the Clerk the need to ensure that all the Council's assets are appropriately valued (at replacement cost), with particular regard to the SID which is not currently on the insurance schedule.

We note that there is an independent annual inspection of the Council's play facilities. However, we would again advise Council that Insurers are increasingly asking for evidence of regular visual condition inspections as a defence against spurious claims, which can happen up to 21 years after the event. We have discussed the need for this with the Clerk.

### **Conclusions**

*There are no issues arising in this area of our review warranting formal comment or recommendations, other than the lack of a risk review, our concern over insurance cover for all assets, and our repeated observation about regular condition inspections of play facilities.*

## **Budgetary Control and Reserves**

We aim in this review area to ensure that the Council has appropriate procedures in place to determine its future financial requirements leading to the adoption of an approved budget and formal determination of the amount to be precepted on Wiltshire Council, that effective arrangements are in place to monitor budgetary performance throughout the financial year, and that the Council has identified and retains appropriate reserve funds to meet future spending plans.

We note that, following due deliberation, the Council finalised its budget deliberations for 2025-26, with the Precept set at £8,000 (unchanged) at the November 2024 Full Council meeting.

The Council has not established any specific Earmarked Reserves (EMR's). Therefore, the Council's General Reserve as at 31 March 2025, as shown on the Bank Account, is £13,504. This represents 169% of the Precept, against a Best Practice level of 50%. We believe that the Council is considering significant capital expenditure in the future for play park refurbishment and the introduction of a 20mph speed limit. These issues should more properly be established as specific EMR's, thus reducing the General Reserve to a more reasonable level. We have discussed this with the Clerk.

### **Conclusions**

*There are no issues arising in this area of our review warranting formal comment or recommendation, other than our observation about excessive balances and the establishment of specific EMR's.*

## **Review of Income**

The Council receives only limited income, which during 2024-25 was made up of the Precept and a VAT reclaim. We have checked these receipts to the financial records, with no issues arising.

### *Conclusions*

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

## **Petty Cash Account**

*The Council's does not operate a petty cash system. 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 HMRC in the deduction and payment over of income tax and NI contributions. Administration of the Council's payroll is outsourced to DCK Beavers who manage the complete process and HMRC reporting on behalf of the Council.

Unusually, the Council pays the Clerk on a bi-monthly basis. We have checked payments made to the Clerk during 2024-25, noting that the Clerk has clarified our previous concerns with the payroll administrator.

### *Conclusions*

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

## **Fixed Asset Registers**

The Governance and Accountability Manual (GAM) requires all councils to maintain a record of the assets owned. These assets are to be valued at the original purchase cost, net of VAT. If that figure cannot be ascertained due to the passage of time, or the asset was gifted, an appropriate valuation should be used that can be a nominal £1. The asset total is only then amended by acquisitions or disposals, without revaluation.

We have confirmed that the Asset Register at 31 March 2025 shows a reasonable spread of assets at approved valuations, and equals the total shown in Section 2 of the 2024-25 AGAR.

### *Conclusions*

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

## **Investments and Loans**

*The Council has no funds in investments other than its Bank Account, and has no third-party loans either payable by it, or to it.*

## **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 embodied in Section 2 of the AGAR, which is, together with the Annual Governance Statement at Section 1, subject to independent external audit examination and certification. However, as the Council's annual turnover is again less than £25,000 in 2024-25, it can properly self-certify itself as exempt from the external audit process.

As part of our review, we have examined the Council's procedures in relation to the identification of detail for inclusion in Section 2 of the AGAR, which is generated from the spreadsheet cashbook and agreed detail therein to Section 2 of the draft 2023-24 AGAR.

As stated above, we are required to note a negative assurance with regard to the assessment of risk during 2024-25, which was not undertaken.

### ***Conclusions***

*Based on the conclusions drawn from our detailed programme of work on the Council's systems of financial control and governance, we have duly "signed off" the Internal Audit Certificate assigning appropriate assurances in each relevant category.*

Rec. No.	Recommendation	Response
<hr/> <b>No recommendations made</b>		