

12 May 2025

**PRIDDY PARISH COUNCIL
INTERNAL AUDIT REPORT
FOR THE YEAR ENDED 31 MARCH 2025**

Introduction

An internal audit of the Parish Council's financial records for the year 2024/2025 has recently been completed. The audit included all financial transactions for the period 1 April 2024 to 31 March 2025 inclusive.

The audit was undertaken in compliance with the requirements of the Accounts and Audit (England) Regulations 2015, and in accordance with the agreed and accepted Audit Plan.

Regulation 3 of the Accounts and Audit (England) Regulations states that the Parish Council must ensure that it has a sound system of internal control which—

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- (b) ensures that the financial and operational management of the authority is effective; and
- (c) includes effective arrangements for the management of risk

Regulation 5 of the Accounts and Audit (England) Regulations states that the Parish Council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, and any officer or member of the Parish Council, if required to do so for the purposes of the internal audit shall -

- (a) make available such documents and records; and
- (b) supply such information and explanations;

The objective of the internal audit is to determine whether the accounting arrangements, procedural controls, records, and documentary evidence are adequate to ensure the accurate and timely recording of financial transactions, so as to comply with all relevant legislation and best practice.

Scope

The audit included

- 1 Examination of the income and expenditure account for the year
- 2 Detailed inspection of the Excel spreadsheet Cashbook
- 3 Review of payments in the period to originating documents
- 4 Review of agendas and minutes of meetings on the parish council website in respect of financial transactions
- 5 Review of the fixed asset register
- 6 Review of AGAR

Findings

The detailed findings are in the table appended below.

Recommendations

Changes have already been implemented in respect of some of the findings. Actions still to be made, or to be discussed are:

1. Expenditure records should be maintained under budget headings so running totals are displayed in the cash book
2. Councillors should be reminded that all invoices must be made out to Priddy Parish Council.
3. Copies of public liability insurance should be obtained from all self-employed contractors.
4. Salary payments should be made promptly and at the correct intervals. Making several payments in the same period may trigger unnecessary NI payments for both the employee and PPC.
5. Wayleaves should be added to the asset register.
6. The early records of the parish meetings from C19 and C20 should be transferred to the Somerset Heritage Centre.
7. The parish should change the format of its accounts from receipts and payments to income and expenditure to give better financial transparency as to what surpluses and deficits have been generated each year, and allow direct comparisons to be made between years.

Summary and Opinion

One of the functions of internal audit is to give assurance to members of the council that the financial systems are operating correctly, and can be relied upon.

In connection with my examination, and having regard to the items reported herewith, no matter has come to my attention that gives me reasonable cause to believe in any *material* respect that the regulatory requirements have not been complied with.

The accounting arrangements, procedural controls, records and documentary evidence are considered to be satisfactory, and accurately record the Council's financial position.

Joanna Roseff BSc MSc FCA

12th May 2025

Appendix Detailed Findings

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2024 - 25 Audit check list	Priddy Parish Council (PPC) auditor recommendation and PPC actions to resolve		
1. RFO files			
PPC Accounts 24_25 folder	Checked	Auditor recommendation	PPC action
1.24-25 Cashbook and accounts	Yes	Cashbook satisfactory but memo headings across columns under appropriate budget headings would display running totals to measure against expenditure budgets, rather than reliance on data filtering. Suggested change to income and expenditure accounting format in place of current payment and receipts.	PPC to discuss change to accounting format.
2. Bank Statements	Yes	009-022 statements all present but amend recipient and address to clerk / parish council address.	PPC Chair to action
3. Invoices & receipts	Yes	Cashbook payments are referenced to invoices. Missing wayleave payment noted, over payment to village hall noted. Procedures required to ensure these payment issues do not reoccur. Contractors should supply a copy of their liability insurance each year.	PPC signatories should check payment demand against invoice before signing off. Due payments list prepared and to be signed off May 24. Contractor to be asked for certificate.

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		<p>A sample of 5 invoices was checked to payments. Arising from this, councillors should note that invoices must always be made out to Priddy Parish Council.</p> <p>Items of expenditure in excess of £500 should be approved at a council meeting. It is not always apparent that this has been done.</p>	<p>Changes have been made to ensure that the Agenda records expenditure to be approved in advance.</p>
4. Bank reconciliation	Yes	<p>2024_25 final account tallies with statement 22 and signed off by Cllr Storrie (email refers).</p>	<p>Reconciliations to be signed off with quarterly account.</p>
5. Payroll	Yes	<p>The Clerk's salary for month 12, which was due in March 2024 was paid on May 23rd with April and May 2024 payments.</p>	<p>Due payment list will ensure timely payments.</p> <p>RFO to check former clerk employment signed off.</p> <p>Ensure timely salary / PAYE payments.</p>
6. Budget	Yes	<p>2024_25_PPC_accounts_budget shows 3 years income budget required as per financial regulations.</p> <p>The expenditure budget has not been prepared yet for the coming year.</p>	<p>PPC to prepare 3 year budget and 1 year expenditure budget.</p>
7. VAT reclaim	Yes	<p>2023 / 24 VAT £890.52 received. 2024 / 25 VAT claim in progress</p>	<p>2025 VAT claim sent to HMRC</p>
8. Precept setting	Yes	<p>2024_25_PPC_accounts_budget: precept raised by 2%</p>	<p>No action</p>
9. Reserves	Yes	<p>2024_25_PPC_accounts_budget £2,000 reduction in reserves due to 2023 grant to be repaid to Priddy Folk Festival.</p>	<p>Repay PFF grant. 2025 reserve has been</p>

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		An unnecessarily high bank current account balance has been maintained throughout the year.	transferred to a PPC savings account.
10. Financial risk assessment	Yes	Financial risk assessment 2024 – 25 satisfactory	No action
11. Asset register	Yes	2024_25 PPC asset and valuation sheet. Noted figures re-corrected in 2025 to original entries, changed in error 23/24. The value of assets must not change until disposal. Wayleaves in respect of the village green produce income. These need to be included on the asset register.	Policy required
12. Insurance renewal	Yes	Gallagher Insurance Community PRQ not completed / returned	Done sent 08/05/2025
13. 2023 - 24 audit report	Yes	See AGAR Annual Audit report 2023 / 2024 no issues raised	Issues to be addressed as this column
14. AGAR form	Yes	Annual return in progress	To be signed off by full council May 14
15. AGAR variances	Yes	Explanation of variances sheet: noted	To be signed off by full council May 14
2. Proper Officer files			
16. Minutes	Yes	2024_ 2025 file complete, signatures for November 2024 (copies) and April 2025 required. Noted no Priddy PC documents have been deposited in the county archives. The website link to Agenda and Minutes for March 2025 is broken.	Nov 24 minutes to be signed by M Dodd and April minutes to be signed May 14. PPC in discussion with

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			Somerset Heritage Centre re deposit to archive.
17. Standing Orders	Yes	Current policies Standing Orders as NALC 2023	PPC to re adopt May 14
18. Financial regulations	Yes	Financial-regulations-england-June23_amended 2025 to account for portfolio / group expenses	PPC to re adopt May 14
19. RFO contract	Yes	Noted parish clerk contract and appraisal. Noted that clerk had received no working from home payment. Suggest a schedule of work and expected time spent on specific tasks	PPC to review contract before employing a new clerk and produce works schedule.