

SDH Accountancy & Audit Services

Principal Sue Hackett

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Date 29th Jan 2025

Dear Jane,

RE: MORETON SAY PC INTERNAL AUDIT 24/25 – INTERIM REPORT

I trust you and the council are well, the audit has been carried out remotely using a risk assessment basis approach and examines the Council's compliance with its relevant procedures and best practice as documented in the Practitioners' Guide '24. So far I have completed many of the internal control objectives which support the Annual Internal Audit Report within the 24/25 AGAR positively, unfortunately control objectives K,M and N have not been met.

The following supports my conclusions to date:

Internal Control Objective	Evidence	Achieved
A. Appropriate accounting records have been properly kept throughout the financial year.	<p>The primary accounts record examined 1-4-24 to 31-12-24 (i.e. the excel receipts and payments ledger) was found to be comprehensive, accurate and complete providing a full audit trail to documents, council minutes, and powers of expenditure.</p> <p>The opening balance was agreed to the previous year's AGAR closing bank balance and detailed testing of a sample of transactions per the accounts supports the accuracy of the accounting records. (See B & E & I below.)</p>	Yes
B. Council complied with its financial regulations, payments were supported by invoices/vouchers, all expenditure was approved and VAT was appropriately accounted for.	<p>Total Payments as at 31/12/2024 £28,856</p> <p>A sample of 7 payments were agreed between the Council minutes, payments ledger and bank statements. A further 3 were selected from bank statements and agreed to the payments ledger and Council minutes. All were supported by appropriate documentation, invoices/receipts/pay slips.</p> <p>Payments are now made online; the RFO sets up payment details and two of the four councillors set up to authorise payments log into the bank's system following the Council meeting to authorise payments having been provided with copies of the invoice.</p>	Yes

	VAT was found to be appropriately accounted for within the accounts and evidence of quotes being obtained supported that Financial Regulations were complied with.	
C. Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	The Council's risk assessment schedule was last reviewed and adopted by Council in May 2024. 2024 Financial Regulations, Standing Orders, Councillors code of conduct and a number of policies were also adopted on block at the same meeting. Good internal financial control checks have been routinely carried out by an independent councillor. The Council mitigates risk through its insurance policy with Zurich and via physical inspection of its assets..	Yes
D. The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored by the Council; and reserves were appropriate.	Budget Monitoring -The Clerk/RFO provides quarterly monitoring reports to council members, as required by its Financial Regulations. Budget Setting 2025/26 – The Clerk/RFO presented a detailed draft budget report at the Council's November'24 meeting. It was agreed in principle and adjusted and adopted at the Council's 23 rd Jan 2025 meeting (Outturn £13,150). Council also resolved that a Precept of £13,649 be requested representing a nil increase and allowing for contributions to future projects and reserves. The budget and council decision has ben uploaded to the Council's website. <i>Reserves will be examined at yearend.</i>	Yes Yes O/S
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked.	Total Receipts as at 31/12/24 £35,737 A SC precept receipt of £13,516, SC CIL grant of £17,756 and 2 VAT refunds totaling £3,795 were agreed to bank statements and supporting remittances. The objective was met.	Yes
F. Petty Cash has been properly accounted for.	None held	Yes
G. Payroll – Salaries to employees and allowances to members were paid in accordance with the authority's approvals and PAYE & NI requirements properly applied.	All pay calculations are processed using HMRC RTI software and approved by Council. These were found to be accurate and in agreement with the Clerk's contract, Council decisions and National Pay Scales. Periods 3 and 9 payments were checked in detail. Back pay due as a result of a national pay award being agreed in year and back dated was found to be correctly processed given the Clerk's monthly hours were reduced in Period 7 & 8. PAYE & NI requirements were properly applied. No allowances have been paid to members.	Yes
H. Asset and investment registers were accurate and properly maintained.	<i>Yet to be examined.</i>	O/S

I Periodic Bank Reconciliations were properly carried out during the year	Evidence was sighted in the minutes of bank reconciliations being presented to Council and being checked by an independent councillor. Quarterly bank statements support the checks have been carried out. Two in year bank reconciliations were re-performed by the auditor and found to be correct.	Yes
J Accounting statements prepared during the year were prepared on the correct accounting basis, agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	Accounting statement for the year to date have been prepared accurately on a receipts and payments basis, agree with the excel cash book and bank reconciliations. <i>The year end accounting statement has yet to be examined</i> . Sample testing supports that the audit trail to underlying records is adequate.	Yes O/S
K The Council appropriately certified itself as exempt from a limited assurance review by external audit in 2023/24, it met the exemption criteria and correctly declared itself exempt.	Although exempt; and the appropriate AGAR pages completed in 23/24 no evidence could be found of the Council formally certifying itself as exempt from a limited assurance review by external audit in the April/May 2024 Minutes. The appropriate certificate was however sent to both internal and external audit within the given time period. The exemption certificate was not published on the Council's website.	No
L. Council publishes information on a website/webpage up to date at the time of the internal audit, in accordance with the relevant legislation.	The Council's website was found to be up to date and met relevant requirements. A sample review identified that Minutes & Agendas were up to date and Pages of the AGAR 23/24 published which excluded Section 2 the Certificate of Exemption. (Examined 16/1/25.) Since having been notified the missing page has been uploaded to the website by the Clerk. (Examined 20/01/25.)	Overall Yes
M During 2023/24 Council correctly provided the proper opportunity for the exercise of public rights in accordance with Accounts and Audit Regulations with regard to the 23/24Accounts.	The appropriate Notice for the Exercise of Public Rights <u>was not published</u> on the Council's website, due to an omission. it was however publicly displayed on the Council's two notice boards providing the proper opportunity for the exercise of public rights. (The notice was issued 31/5/24 and shows that a period between 3/6-12/7/24 was given,)	No
N. The Council has complied with the publication requirements for the 2023/24 AGAR	Relevant documentation relating to an exempt authority was found on the Council's website at the time of the audit however the Certificate of Exemption had not been published on the Council's website. This was an over sight the certificate has since been uploaded to the website. (Examined 16/1/25 & 20/1/25.)	No
O. Trust funds – the Council has met its responsibilities as a trustee.	The Council is not the sole trustee of such a fund, as confirmed by the Clerk/RFO.	N/A

The Council is due a limited assurance audit by external audit as both total receipts and total payments during the year will exceed £25,000. As a result external audit will expect Section 1 Annual Governance Statement (4) to be answered “No” by councillors to reflect that objectives M & N were not met. The weakness is not however considered significant as the public rights notice & AGAR were publicly displayed on the Council’s two notice boards.

There will be a need to ensure the correct AGAR pack and accompanying paperwork is completed reflecting the limited assurance audit is being carried out and that appropriate documentation is submitted to external audit by 30th June 2025.

Please feel free to share these findings with the Council,

Best Wishes *Sue Hackett*