

Internal Audit Report

(To be read in conjunction with the Annual Internal Audit Report in the Annual Governance and Accountability Return)

Name of council:	Aldbury Parish Council		
Name of Internal Auditor:	Nikki Bugden	Date of report:	8/5/2025
Year ending:	31 March 2025	Date audit carried out:	28/4/2025 and Email follow up

Internal audit is the periodic independent review of a council's internal controls resulting in an assurance report designed to improve the effectiveness and efficiency of the activities and operating procedures under the council's control. Managing the council's internal controls should be a day-to-day function of the council through its staff and management and not left for internal audit. It would be incorrect to view internal audit as the detailed inspection of all records and transactions of a council in order to detect error or fraud. This report is based on the evidence made available to me and consequently the report is limited to those matters set out below.

The council is required to take appropriate action on all matters raised in reports from internal and external audit and to respond to matters brought to its attention by internal and external audit. Failure to take appropriate action may lead to a qualified audit opinion.

To the Chairman of the Council:

Firstly, I would like to thank the clerk for her hard work in supplying all required information to me in an efficient and timely manner.

I firstly examined the publicly available information displayed on the council's website including the council's policies, procedures, agendas, minutes, financial and other records. I sought evidence that the previous year's internal audit report had been properly reported to and actioned by the Council. I then examined the council's arrangements for the management and control of its business in the areas of bookkeeping, due process (i.e., compliance with the proper practices as set out in the Practitioners' Guide), risk management, budget setting and monitoring, payroll, asset register, bank reconciliations, internal control, and year-end procedures. It should be noted that the scrutiny was of a sample number of documents and processes.

Where necessary, I requested and was provided with supplementary evidence to enable me to reach a conclusion regarding the enquiries I am required to make as set out in the Annual Internal Audit Report (AIAR) that forms part of the Annual Governance and Accountability Return (AGAR). This supplementary information was provided in the form of written and verbal answers to the questions raised together with scanned documents or sight of the original documents.

General

Although the clerk is CiLCA qualified, Aldbury Parish Council (APC) unfortunately remains unable to adopt the General Power of Competence¹ as due to the proportion of elected councillors they cannot fully comply with all the statutory criteria.

This is outside of the control of APC and the clerk.

On that basis APC must ensure that they continue to evidence the correct use, reporting and accounting procedures of all statutory 'powers', including s.137² when undertaking any actions or expenditure.

APC and their clerk have continued to work hard to embed the practises outlined in the policies and procedures adopted over the last few years into their day-to-day council processes.

There has been continued improvements in risk mitigation and the provision of agenda supporting papers has continued to improve over the year with a comprehensive agenda pack being uploaded to the website to enable open and transparent public scrutiny.

Council is currently investigating moving across from a .org domain to a .gov domain for the website and emails.

A. Appropriate accounting records have been kept throughout the Year.	YES
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The roll forward figures on the cash book were verified from the bank statement and previous years AGAR.

The budget position is reported to council regularly and the figures are uploaded to the meeting supporting papers.

The cashbook reconciliation at year end is reflected in the year end bank statements supplied by the clerk.

Reserves are reported to and reviewed by council as part of the budget setting process.

Recommendation from 2023/24 actioned.

Council to continue to evidence appropriate 'powers' to spend and separate accounting of s.137 expenditure.

Recommendation from 2024/25

Clerk continues to evidence that APC considers the relevant 'power to spend' and remains within the annual statutory s.137 limit.

¹ [general-power-competence--0ac.pdf \(local.gov.uk\)](#)

² [Local Government Act 1972 \(legislation.gov.uk\)](#)

B. The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.	YES
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There is segregation between the setting up of payments their release at the bank with the clerk setting up payments and nominated councillors releasing those payments.

Any payments paid under delegated powers or financial regulations for contractual obligations are correctly reported at the next council meeting.

APC endeavours to obtain 3 quotes, where possible, to obtain 'best value' as outlined in their adopted financial regulations.

Additions to bank mandates are approved by full council.

VAT reclaims are prepared and reported to council as an agenda item.

No debit cards are held, when the clerk does make purchases in her own name or when invoices are received that are not in the PC name then VAT is not claimed.

Where the clerk reclaims mileage claims or sundry expenditure there is an expenses form completed and supported by receipts when applicable.

As recommended last year standing items are included on the agenda to ensure compliance with financial reporting as detailed in these regulations.

The updated NALC model Financial Regulations were adopted in May 2024.

The Standing Orders on file were adopted in February 2024 and should be updated to reflect the same values as the model financial regulations

Please note that at the time of writing my report, HAPTC have recently released an update to the Financial Regulations and Standing Orders in relation to procurement amendments.

Recommendations from 2023/24 actioned

The model financial regulations have been adopted.

Recommendation 2024/25

The adopted standing orders should be updated to reflect the values in the newly updated Financial Regulations (see recent HAPTC updates).

APC may wish to consider a payment card for the clerk to ensure that all opportunities to reclaim VAT are utilised.

□

C. The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	YES
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APC have a suite of risk assessments to support their activities.

Annual playpark inspections are undertaken by RoSPA and this report is an agenda item for review by council.

The warden has been professionally trained to undertake all regular inspections outside of the annual RoSPA report and a comprehensive report, including photographic evidence is shared with councillors as a monthly agenda item.

A management and financial risk assessment is in place.

Contractor insurance policies are held by the clerk; the clerk should obtain the contractor risk assessments to support their duties.

The clerk ensures that appropriate risk assessments are undertaken and insurance cover is in place for any activities carried out by councillors or volunteers.

There is a risk assessment for the review of physical assets with some photographic evidence.

The IA report for 2023/24 was considered and reported as an agenda item, and a full response from council was sent to the IA.

A detailed Review of the Effectiveness of Internal Controls was undertaken during the audit year.

Committees and working groups have a terms of reference in place and these have been approved by full council.

The appointment of the internal auditor was appropriately considered by full council.

Filming is undertaken within the parish and the clerk ensures that all risk assessments, contractual agreements and insurances are retained on file.

Recommendations from 2023/24 actioned

My recommendation is that council review their policy for this year as soon as possible and ensure that a review of the effectiveness of its internal controls is an annual agenda item going forward. It may be helpful to adopt a year planner to ensure that all policies are reviewed on a rolling basis, particularly those that require statutory review during the council year.

Recommendations for 2024/25

APC to complete the photographic evidence in the risk assessment for the review of physical assets.

APC to ensure that all contractor risk assessments are held on file

APC to obtain a risk assessment for the warden's duties.

D. The Precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored; and reserves are appropriate.	YES
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The precept received was equal to the sum listed in the minutes, requested from Dacorum Borough Council and detailed in the public record of precepted amounts.

The finance working group prepares and reports the draft budget over multiple meetings. There is evidence that reserves are considered.

There is evidence in the spreadsheet that the statutory guidance is followed showing a version with expenditure minus income and consideration of levels of reserves prior to setting the precept.

The salary costs of the clerk are considered at these reviews in line with the personnel committee recommendations (compliance with Financial Regulation 4.5)

The draft budget documents are not currently uploaded with the relevant meeting papers, and it is my recommendation that a simplified version be uploaded going forward to enable full accessibility and transparency.

A verbal update is given to explain any significant variances in performance against budget. It may be deemed appropriate by APC to have some commentary to accompany any budget reports should there be any significant variances in performance against budget.

There is a reserves policy in place. During the year reserves and bank accounts were reviewed by full council with funds being transferred across from NS&I to a deposit account with CCLA to maximise the interest return. The clerk has confirmed that this is a short-term investment, and it therefore remains on the bank reconciliation rather than being moved across to the asset register.

There is a reserves policy in place that was adopted in February 2023, APC may wish to consider an investment policy although this is not a statutory requirement until the funds held exceed £100,000.00.³

Recommendations for 2023/24 actioned

APC ensure that the budget is fully considered in the prescribed format prior to setting the precept.

Recommendations for 2024/25

³ [Guidance on local government investments.pdf](#)

The reserves policy should be reviewed as per the review schedule listed within the document.

The underlying budget document (or simplified, accessible summary) should be uploaded to the website with the relevant meeting papers.

E. Expected income was fully received based on correct prices, properly recorded, and promptly banked; and VAT appropriately accounted for.	YES
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VAT returns are routinely prepared, and the submission reported to council via the agenda.

Commercial filming income is received and there is an adopted policy in place. APC have previously sought HMRC advice regarding this income and remain cognisant that this is a matter which should remain under review.

Allotment tenancy agreements are in place and the clerk reports the income received and debtors outstanding to full council.

A new booking system has been implemented to improve the way in which residents can book and pay for their tennis courts and the clerk can more easily monitor income.

Recommendations for 2023/24 actioned

Council confirmed that HMRC advice had been sought in relation to the filming income and are satisfied that guidance remains appropriate.

Recommendations for 2024/25

APC to remain aware of responsibility to ensure full compliance with HMRC guidance and to seek further support intermittently, as appropriate.

F. Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for.	NA
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No petty cash held.

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.	YES
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Payroll is outsourced and a sample of payslips were checked to ensure that the pension deductions were correct.

The Annual Accounting Statement was cross referenced to ensure that only appropriate staff costs were included in the staff costs section.

PAYE and NI is correctly administered and remitted to HMRC.

The warden is a self-employed contractor. APC have obtained advice regarding this status. APC are aware of their statutory obligations and regularly review the prevailing regimes to ensure compliance (reference The Practitioners Guide (JPAG) 5.5)

This is not an area that the IA is qualified to give a recommendation for other than to ensure that APC remain vigilant to ensure that they are compliant with any HMRC requirements relating to contractor or employment status.

Recommendations for 2023/24 actioned

An addendum to the clerk contract reflecting the updated working hours and salary scale has been approved by the personnel committee and reported to council during the budget setting agenda item Nov 2024.

Recommendations for 2024/25

The clerk should ascertain whether the payroll provider has submitted the statutory registration with The Pension Regulator and if not, APC should undertake this as soon as possible.

It remains a recommendation that a HMRC gateway log in be obtained to enable scrutiny of the HMRC employers' account.

APC to continue to monitor the employment and HMRC status of the contracted warden.

H. Asset and investment registers were complete and accurate and properly maintained.	YES
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A Clear Council insurance policy with a 3-year undertaking is in place.

Employers' liability and public liability cover is in place.

Fidelity Cover £100,000.00 is in place, and this covers funds held on all bank accounts by APC at the time of writing my report (this should be kept under regular review, particularly when filming income or CIL is received).

Recommendations for 2024/25

APC may wish to consider the options of obtaining 'cyber security' cover from their insurer. (In light of recent cases being highlighted by the UK press).

Periodic bank reconciliations were carried out throughout the year.	YES
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Bank reconciliation is a specific agenda item for APC.

Reconciliations are undertaken by the clerk and the supporting cashbook and bank statement, or transaction report (if bank statement is not ready for the meeting) is presented to all councillors at every meeting. This is then signed by the Chairman.

There is independent scrutiny of the bank reconciliation during the year in line with the financial regulations.

Recommendations for 2023/24 actioned

Independent scrutiny of the bank reconciliation takes place in line with the financial regulations.

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.	YES
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Rialtas Alpha accounting software is used by APC.

The clerk scrutinises all invoices prior to payment. For the sample checks undertaken during the audit process the relevant invoices were readily available for verification and were cross referenced back to expenditure authorisation.

The payment schedule is signed off at the meeting with all supporting invoices being signed, these are available for scrutiny by all councillors at the meeting.

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.	N/A
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APC is not an exempt authority.

L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation	YES
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APC comply in 'most significant respects'.

Transparency has continued to improve throughout the year with full agenda packs, including all financial documents now being uploaded to the website.

The ICO model publications scheme was considered and adopted by council and the schedule is published to the website, along with the scheme document.

Members interest forms are completed but not uploaded to the website. These should be published to comply with the Localism Act 2011, s30(1).

Recommendations for 2024/25

Members Declarations of Interest to be uploaded to the website.

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.	YES
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These dates were referenced in the minutes.

N. The authority complied with the publication requirements for the prior year AGAR.	YES
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Both audited and non-audited versions, with supporting documents, were uploaded and referenced.

O. Trust funds (including charitable) - the Council has met its responsibilities as a trustee.	NA
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APC is not a trustee therefore this area was not covered.

This concludes my narrative report to support the AIAR and please do not hesitate to contact me should you require any further information or clarity in line with the comments made.

I would like to thank Gosia for her assistance in enabling me to conduct my review so promptly and to commend her for the organisation of her records which facilitated a speedy review of documentation.

I have attached your signed annual internal auditor report.

Yours sincerely,

Nikki Bugden

**Nikki Bugden PSLCC
Internal Auditor to the Council**

The figures submitted in the Annual Governance and Accountability Return are:

	Year ending 31 March 2024	Year ending 31 March 2025
1. Balances brought forward	75732	45973
2. Annual precept	31900	33425
3. Total other receipts	47841	41114
4. Staff costs	16822	17911
5. Loan interest/capital repayments	0	0
6. Total other payments	92678	32658
7. Balances carried forward	45973	69943
8. Total cash and investments	45973	69943
9. Total fixed assets and long-term assets	69288	75156
10. Total borrowings	0	0

The proper practices referred to in Accounts and Audit Regulations are set out in *Governance and Accountability for Smaller Authorities in England (2024)*. It is a guide to the accounting practices to be followed by local councils and it sets out the appropriate standard of financial reporting to be followed. A copy of the guide is available for free download from: [Practitioners' Guide 2024](#)