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2024/25 Interim Internal Audit Report for Benwick Parish Council

BASIS OF REPORT

This Internal Audit report is based on the 2024 Practitioners' Guide (Joint Panel on Accountability and Governance) Governance and Accountability for Smaller Authorities in England.

The scope of this internal audit is focused on assessing the effectiveness of the Council's internal controls and was outlined in the original Letter of Engagement. Where any such controls are found to be deficient, the internal audit will help lead to improvement in those processes. The Internal Audit Report should, therefore, be made available to all Members to support and inform them when they consider the Council's approval of the Annual Governance Statement.

By applying the principles of internal auditing, outlined in the current Accounts and Audit Regulations and applying the approach to internal audit testing outlined above, every effort is made to ensure that all internal audits are conducted with due professional care, integrity and independence. All conclusions derived from the audit are based upon objective and traceable evidence.

Please note: it would be incorrect to view internal audit as the detailed inspection of all records and transactions of the Council in order to detect error or fraud. Smaller authorities are required by the Accounts and Audit Regulations 2015 to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes'. An internal audit is therefore a periodic independent review of a Council's internal controls resulting in an assurance report designed to improve 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 staff and Councillors and not left for internal audit. (Source: Governance and Accountability for Smaller Councils - A Practitioners' Guide 2024 – Section 4).

As Internal Auditor for Benwick Parish Council, I confirm that I am independent from the management of the financial controls and procedures of the Council and do not have any conflicts of interest with the Council, nor do I provide any management or financial assistance to the Council.

INTERIM AUDIT REPORT

I reviewed the documents provided and met with the Parish Clerk/RFO on 15th May 2025 and finalised the information on 20th May 2025.

The Parish Clerk is the sole employee and acts as both Clerk and Responsible Financial Officer (RFO) of the Council. The electorate number of the Parish Council was reported to be 835 and the Precept for the year 24/25 was set at £13,419.

AUDIT POINT	AUDIT FINDINGS	RECOMMENDATIONS & ACTIONS
A. Appropriate accounting records properly kept throughout the financial year		
Bookkeeping Arrangements	<ul style="list-style-type: none"> • <i>Appropriate books of account are being kept and are well maintained. The Council operates on a Receipts & Payments basis.</i> • <i>The Council uses spreadsheets for their accounting system and this is being used appropriately.</i> • <i>Council minutes are up to date and are signed and dated.</i> 	
B. Financial Regulations complied with, payments supported by invoices, expenditure approved, VAT appropriately accounted for		
Document reviews, review of internal controls and decision making.	<ul style="list-style-type: none"> • <i>Standing Orders and Financial regulations were reviewed in the year based on the current model versions at the time.</i> • <i>There were no contracts that needed to be advertised in line with procurement legislation.</i> • <i>The Council follows its Standing Orders and Financial Regulations regarding procurement.</i> • <i>A sample of payments during the year were reviewed. Payments were supported by invoices and all expenditure was approved.</i> • <i>The system for authorising and making payments from the bank account is in accordance with Financial Regulations.</i> • <i>Orders are made in accordance with Financial Regulations.</i> • <i>VAT is appropriately accounted for.</i> • <i>There were effective controls in place for making payments.</i> • <i>Quarterly checks are undertaken independently by Councillors but not evidenced in the minutes.</i> 	<p>The Clerk is aware that newer model versions are now available which accommodate the new procurement legislation, and this will be on a forthcoming agenda.</p> <p>It is recommended that the Clerk evidences that invoices are verified and certified in accordance with Financial Regulation 6.3.</p> <p>It is recommended that the minutes record when an internal check is undertaken and completed and whether any issues have arisen.</p>

C. Risk management & Insurance		
Review of internal controls	<ul style="list-style-type: none"> • <i>The Council undertook a review of risk in May 2024 and then again in April 2025 with the document published on the website.</i> • <i>The scope and value of insurance was reviewed in June 2024 in time for renewal, a long-term agreement in place until June 2027</i> • <i>Fidelity cover is £250,000 and was considered more than sufficient at the time.</i> • <i>There is no evidence that monitoring operational risk is undertaken.</i> 	<p>A column showing residual risk scores (post-control) would enhance transparency and monitoring.</p> <p>Appropriate arrangements need to be put in place for monitoring operational risk e.g. tree surveys, cemetery ‘topple testing’, street furniture etc.</p>
D. Budget, Precept and Reserves		
Review of internal controls, monitoring and decision making	<ul style="list-style-type: none"> • <i>An annual budget was prepared and approved in January prior to setting the precept.</i> • <i>Progress against the 2024/25 budget was not monitored.</i> • <i>The Council has formally resolved for the general reserve to be at 100% of necessary expenditure. Earmarked reserves are also held.</i> 	<p>It is recommended that the annual budget and precept demand be published on the Council’s website so the electorate can view how the Council plan to spend their precept contribution.</p> <p>The precept for 2025/26 is £14,000</p> <p>It is recommended that progress against budget is reviewed quarterly as a minimum, evidenced in the minutes and any significant variances reviewed.</p> <p>It is recommended that Council adopt a Reserves Policy.</p>
E. Income		
Review of internal controls, banking and VAT accounting	<ul style="list-style-type: none"> • <i>The precept received in 2024/25 agreed to the precept demand.</i> • <i>A VAT claim for 2023/24 was submitted and reimbursed. A claim for 2024/25 has been submitted.</i> • <i>All fees are reviewed annually.</i> • <i>Income was received as expected.</i> 	

F. Petty Cash		
Review of internal controls, decision making and VAT accounting	<i>A Petty cash system is not operated by the Council.</i>	
G. Payroll		
Review of process, internal controls and decision making	<ul style="list-style-type: none"> • <i>An appropriate contract of employment is in place.</i> • <i>The Council is registered with HMRC as an employer.</i> • <i>The Council is registered with the Pension Regulator but the Clerk does not qualify for automatic enrolment at present.</i> • <i>Salaries were paid in accordance with Council approvals and PAYE and NI requirements were not applicable due to the working hours of the Clerk.</i> • <i>A staff appraisal system is in place.</i> • <i>Councillors do not receive allowances.</i> 	
H. Assets, Investments and Loans		
Review of registers, policies and records	<ul style="list-style-type: none"> • <i>The Council holds an asset register which is up to date</i> • <i>Assets were not inspected during the past year for risk and this is highlighted elsewhere for recommendation to implement.</i> • <i>Land Registry details are not published but the Clerk has advised that she will implement this.</i> 	
I. Bank Reconciliations		
Review of internal controls	<i>The Clerk undertakes monthly bank reconciliations which are presented to Council and signed but this is not evidenced in the minutes.</i>	It is recommended that in accordance with the Council's Financial Regulation 2.6, Council should clearly record that this internal control is being undertaken.
J. Accounting Statements		
Review of process	<ul style="list-style-type: none"> • <i>Appropriate accounting procedures are used and can be followed through from working papers to final documents.</i> • <i>End of year accounts were prepared on a Receipts & Payments basis.</i> • <i>Figures were checked to Council's records.</i> 	In 2023/24, the Council met the exemption criteria so it has been highlighted to the Clerk that the Governance statements should be resolved individually by Council and that Council should receive and minute the AGAR Annual Internal Audit Report before approving the Annual Governance Statement and the Accounting Statements.

K. Limited Assurance Review		
Criteria review	<i>The Council does not meet the exemption criteria.</i>	
L. Transparency Code		
Review of published information on website	<ul style="list-style-type: none"> <i>In 2024/25, the Transparency Code did not apply for the Council.</i> <i>The Council's website indicates that it is WCAG 2.2AA compliant in respect of the latest Accessibility Regulations.</i> <i>Five years of AGAR information is not available on the website although evidence was seen that it has been uploaded. The Clerk is going to try and establish why it is not showing on the website.</i> <i>The Council publishes a Freedom of Information Publication Scheme</i> <i>There are contact details for all Councillors on the website.</i> 	Although not required to follow a Transparency Code, the Council may wish to align with key elements of it to demonstrate openness. Easy to understand details of what could be published can be found here Transparency - Weymouth Town Council Weymouth Town Council
M. Exercise of Public Rights		
Review of 2023/24	<i>The Council met the publishing criteria for the 2023/24 AGAR. It did publish the exercise of public rights notice on the website and noticeboard, although the dates were not formally minuted.</i>	The Clerk is fully aware of the necessity to minute the dates for the 2024/25 AGAR public rights.
N. AGAR publication		
Review of 2023/24	<i>The Parish Council complied with the publication requirements for the 2023/24 AGAR.</i>	
O. Trust Funds		
Review if applicable	<i>Not applicable</i>	

Transparency Compliant		
PROCESS	FINDINGS	RECOMMENDATIONS & ACTIONS
1. Review of Internal Audit 2023/24 considered and actioned		
Good Practice	<i>The Internal Audit was reviewed by Council. There were no matters requiring attention.</i>	
2. External Audit recommendations 2023/24 considered and actioned		
Good Practice	<i>This was not applicable as the Council under advice from the External Auditor certified itself exempt from a limited assurance review.</i>	
3. Compliance with Transparency Code		
Good Practice / Legal conformity	<i>The Council does not have to strictly adhere to the Transparency Code and publish all elements.</i>	

Technical Observations and Further Recommendations:

In accordance with the guidance of the JPAG 2024 1.5, the Council needs to have appropriate evidence to support a ‘yes’ answer to an assertion and therefore each assertion in respect of Section 1 of the Annual Governance and Accountability Return for 2024/25 should be referenced with each decision in a set of formal minutes.

At the time of the audit review, the Council were still in the process of switching to the new .gov.uk website and therefore some of the information evidenced in the audit was not yet published to the new site.

Agendas include a summons to Councillors and are signed by the Clerk. However, it was noted that whilst comprehensive reports are sent with agendas to Councillors to enable them to make informed decisions, these reports are not published with the agenda. It could be seen that the electorate may be at a disadvantage not knowing if they wish to speak on an agenda item without sight of this information. Council and the Parish Clerk may wish to give this some consideration to implement for the new website.

As the Council does not qualify at present to use the General Power of Competence, it is recommended that the specific statutory power relied upon for each new decision be recorded in the minutes or supporting documentation. This promotes transparency, ensures lawful decision-making, and provides an auditable trail of compliance with relevant legislation. This practice supports proper governance and aligns with Section 1.5 of the *Practitioners’ Guide 2024*, which states that authorities must have appropriate evidence to support a ‘yes’ response in the Annual Governance Statement — including confirmation that actions taken were within the scope of statutory powers available to the Council.

It is recommended that the Council ensures effective and ongoing monitoring of operational risk, particularly in areas such as asset management, compliance obligations, and service continuity. Given that the Clerk works limited hours, the Council should assess whether this provides adequate capacity to fulfil this essential governance function. Consideration should be given to increasing the Clerk’s contracted hours to ensure that operational risks are proactively managed and that the Council’s duties can be fulfilled effectively.

It is pleasing to note that the Clerk and Councillors have undertaken training in the last year. This is good practice to keep up with sector and legislative changes. Both Staff and Councillors should be supported in training as it is of great benefit, not only to professional development, but to the Council.

The Council has an adequate storage system for both digital and hard copy documentation and has adopted a Document Retention Policy. The Council may wish to consider using a cloud system for digital storage.

It is recommended that the Council formally reviews and clarifies its governance and operational responsibilities in relation to the Community Lounge. Although the Council states that it does not operate the facility, it receives grant funding for its operation, processes related expenditure through its accounts, and a Councillor is actively involved in its organisation and delivery with reports at meetings. These factors indicate that the Council may be seen as having de facto responsibility for the Lounge, which could carry liability and compliance implications. To ensure accountability, transparency, and risk management, the Council should either formally adopt the Community Lounge as a Council-managed activity with appropriate oversight or take clear steps to legally separate its involvement and record this decision and rationale in the minutes.

There will be some changes to the 2025/26 AGAR documentation. It is therefore recommended that the Clerk become familiar with the proper practices outlined in the Practitioners Guide 2025 which is now available.

Conclusion

It is evident that Benwick Parish Council strives to be a proactive Council for its community. The Clerk's progress in these early years of her employment is to be commended with competent systems already introduced and positive changes evident.

These recommendations are offered to further enhance the Council's internal control framework and do not detract from the work already undertaken.

My thanks are given to the Parish Clerk for providing documents on time and for her assistance which has ensured the smooth progress of the review process.

This report should be noted and taken to the next meeting of the Council for minuting to inform them of the Internal Audit work carried out.

If you would like any further assistance or clarification, please do contact me.

Helen Symmons

Legra Internal Audit Service
Internal Auditor