

LAVERSTOCK & FORD PARISH COUNCIL

Report for Agenda Item 25.075 Internal Audit Report and Comments

Subject: Review of Internal Audit Report, Observations and Comments
Date: 11th May 2025
Author: Andrew Prince, RFO

1. Report Summary.

- 1.1 In the course of completing the Internal Control Objectives of the Annual Internal Audit the internal auditor has made several observations and recommendations to the Council. This Report presents those Observations and the subsequent Comments by the Clerk & RFO.

2. Background.

- 2.1 The Internal Auditor carried out a one-day visit on 7th March 2025 and carried out an interim audit of the Council's documentation and finances.
- 2.2 This resulted in six observations and recommendations. The items raised included the following subjects
- B. Compliance with Financial Regulations.
 - D. Budgetary process, progress against budget and reserves.
 - L. Publishing Required information.
 - M. Period for the exercise of Public Rights

3. Observations, Recommendations and Comments.

- 3.1 The Observations and Recommendations of the Internal Auditor are attached at Annex A and include Comments by the Clerk and RFO. The comments have been sent to the auditor.

4. Recommendation.

- 4.1 That the Council review the Observations and Recommendations of the internal auditor and note the Comments and corrective actions recorded by the Clerk and RFO.

Laverstock and Ford Parish Council
Financial Year 2024-25



Visit 1 Internal Audit Observations

Audit date: 7 March 2025

B This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Is the tender level in Financial Regulations and Standing Orders set at the same level?	No	<i>It was noted that the tender threshold set out in the Councils Financial Regulations at £30,000 does not agree to that stated in Standing Orders (£25,000).</i>	The Council to review the tender threshold stated in its Financial Regulations and Standing Orders and ensure that they are set at the same level.	Medium	The figure in Financial Regulations is correct. Standing Orders will be amended to reflect this. It is noted that in the most recent NALC template for Standing Orders (March 2025) the reference to this figure has been removed. The next issue of Standing Orders will follow this template.
2	If the Council has incurred significant legal fees the reason for these is documented and has been properly authorised by Council.	Yes	<i>The Council has incurred significant legal fees, which relate to a tenancy dispute at the Community Farm, and has raised invoices to the tenant in respect of these costs. It is unclear whether these charges are valid under the lease and whether these amounts are recoverable.</i> <i>There is some uncertainty regarding the ability of the Council to reclaim the VAT on the solicitors invoices which is directly impacted by whether or not the Council will recharge these invoices.</i>	The Council to specifically consider the invoices raised to the Community Farm and confirm whether these invoices are valid and the amounts are recoverable. This should be resolved prior to the preparation of the year end Accounting Statements and their approval by council. Based on the Council's decision the recoverability of the VAT charged by the solicitor can be resolved.	High	At the meeting of the Council held on 17 March 2025 it was resolved to write off the invoices for legal fees already issued to the River Borne Community Farm CIC. The reason minuted was the negative impact on this community facility. Further discussions are continuing with the director of the CIC with regard to more recent legal fees incurred by the Council.

D *The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.*

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	The Council has reviewed any points raised by the External Auditor as required	No	<i>From a review of Minutes it was not possible to verify that the Council has reviewed the report of the External Auditor. It is understood that this will be received by the Council in March.</i>	Council to note.	Medium	The report of the External Auditor for the 2023-2024 Financial Year had been briefed to the Council in an online report at its meeting in September 2024 but was not minuted. This report was repeated at the meeting held on 17 March 2025 and has been minuted. The External Auditor stated that the AGAR was in accordance with Proper Practices and no other matters give cause for concern or require to be drawn to the attention of the Council.
2	Level of Reserves were appropriate, their purpose is identified	Yes	<i>The Council has very significant reserves in addition to the General Reserve. It is not clear that the Council has a robust process in place to report on, and monitor, the movement on these reserves and the movement on the General Reserve.</i> <i>(A separate, more detailed note on the this has been provided to Council Officers)</i>	The Council to review how it monitors the movement on its reserves. In particular the Council should have robust reporting in place that clearly distinguishes between movements on the General Reserve attributable to the annual budget and those due to movements directly between reserves.	High	The RFO has replied at length to the more detailed note sent by the Internal Auditor. A separate report suggested by auditor is not favoured and it is believed that three current reports from the Scribe Accounting system explain the relevant information. First the Reserves Transfer Report. Second the Summary Report and third the Reserves Balance Report. The Year-End Income and Expenditure Report also summarises the calculation of General Reserve. Correspondence is ongoing.

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.*

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	The Council has complied with the publication requirements of the ICO Model Publication Scheme for Parish Councils. (This includes a requirement to publish expenditure over £100 and the Annual Internal Audit Report).	No	<i>It is unclear whether the Council had adopted the ICO Model Publication Scheme for Parish Councils. At present the Councils website does not list, or make reference to, the Model Publication Scheme.</i>	The Council should note the legal requirements to publish information in accordance with the ICO Model Publication Scheme (version 3). Although this is not a requirement under the Accounts and Audit Regulations 2015, the Council should note that it is a statutory requirement under the Freedom of Information Act.	Advisory	A new Model Publication Scheme Policy that is compliant with ICO Model Publication Scheme (version 3) will be presented for approval of the Council at its May 2025 meeting. The Council's website is hosted by Parish Online and is compliant with the Web Content Accessibility Guidelines version 2.2 AA standard. The information contained therein is structured to be compliant with the ICO Model Publication Scheme.

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The authority, during the previous year (2023/24) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	The Council published the Notice for the Period of Exercise of Public Rights	No	<i>The 2023/24 Notice for the Period of Exercise of Public Rights is not available on the Councils website although Council Minutes do record the dates set.</i> <i>A copy of the Notice was provided to the Internal Auditor on the day of the audit visit.</i>	The Council to ensure that a copy of the formal Notice is retained on the Councils website as evidence that it has complied with the publication requirements. This would be accepted as audit evidence in the event that the dates were inadvertently omitted from Council Minutes.	High	Noted. The RFO instructed its removal from the website knowing that it had been minuted. In future years it will remain posted on the website.