

## HAYDON PARISH COUNCIL- REPORT OF THE INTERNAL AUDITOR FOR YEAR 2024-2025

- i) The Clerk has contacted the Internal Auditor, Jonathon Lill, on 12<sup>th</sup> February 2025 to arrange the Internal Audit for 2024-25.
- ii) The Internal Auditor's report is attached.
- iii) **Haydon Parish Council is asked to consider the report, and if acceptable, to receive the report as preparation for the External Audit.**

### Haltwhistle Town Council INTERNAL AUDIT PLAN

Internal Control	Suggested testing	Response	Comments	Test Date	Examiner
<b>Proper bookkeeping</b>	• Is the cashbook maintained and up to date?	YES	A Receipts & Payments Book is manually maintained for all Income and Expenditure controlled by the Clerk, which is regularly reconciled to the bank statements.	22-Feb-25	J Lill
	• Is the cashbook arithmetic correct?	YES	Checked all calculations manually.	22-Feb-25	J Lill
	• Is the cashbook regularly balanced?	YES	Have seen regular Bank Reconciliations in the Minutes Book, which have been approved by the Chair. Have seen all the bank statements up to 31-Jan-25 which have been reconciled to the Receipts & Payments Book.	22-Feb-25	J Lill
<b>Standing Orders and Financial Regulations</b>	• Has the council formally adopted standing orders and financial regulations?	YES ?	The Standing Orders were initially adopted on 27-Mar-08 [circulated at the meeting on 22-Jun-23] and the Financial Regulations were initially adopted on 26-Mar-09. Cannot see any evidence of them being reviewed recently. <b>These both need to be reviewed and approved annually.</b>	22-Feb-25	J Lill
	• Has a Responsible finance officer been appointed with specific duties?	YES	The Standing Orders state that the Clerk shall act as the RFO.	22-Feb-25	J Lill
	• Have items or services above the de minimus amount been competitively purchased?	YES	The Standing Orders require a minimum of 2 quotes for orders between £500 and £2,000, and 3 quotes for orders over £2,000. There were no quotes for Playdale repairs on Shaftoe Green [net £2,797.83] since they had installed the original equipment, or Glasdon UK for 2 new bins [£1,608.52 net] since they were the normal supplier and the council wanted the bins to closely match the existing bins. This does seem reasonable.	22-Feb-25	J Lill

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<b>Payments controls</b>	<ul style="list-style-type: none"> <li>Are payments in the cashbook supported by invoices, authorised and minuted?</li> </ul>	YES	All payments have been matched to invoices except one [voucher 567 for £600 paid on 23-May-24 to A Batey for Cemetery work] and all payments have been minuted except the HSBC bank charges. None of the invoices have been signed for approval, but all of them have been included in the payments listed for approval at each meeting which does seem acceptable.	22-Feb-25	J Lill
	<ul style="list-style-type: none"> <li>Has VAT on payments been identified, recorded and reclaimed?</li> </ul>	YES	VAT is recorded in the Receipts & Payments Book, with a summary sheet prepared at the year-end to make an annual claim. Have checked the 2023-24 claim to the Receipts & Payments Book's individual transactions and confirmed that the £453.10 was received on 15-May-24.	22-Feb-25	J Lill
	<ul style="list-style-type: none"> <li>Is S137 expenditure [grants] separately recorded and within statutory limits?</li> </ul>	YES	S137 Grants are separately recorded in the Receipts & Payments Book. There have been £6,500 S137 Grants in 2024-25 which are within the statutory limits of £10.81 per person. All have been approved in meeting minutes.	22-Feb-25	J Lill
<b>Risk management arrangements</b>	<ul style="list-style-type: none"> <li>Does a review of the minutes identify any unusual financial activity?</li> </ul>	NO	All minutes reviewed and no unusual activity evident.	22-Feb-25	J Lill
	<ul style="list-style-type: none"> <li>Do minutes record the council carrying out an annual risk assessment?</li> </ul>	YES	Risk Assessment 2024 was reviewed and adopted in the meeting of 28-Mar-24.	22-Feb-25	J Lill
	<ul style="list-style-type: none"> <li>Is insurance cover appropriate and adequate?</li> </ul>	YES	Zurich policy for Y/E 14-Jun-25 includes Public//Employers Liability [Officials Indemnity covered by Public Liability], which also includes Fidelity Guarantee.	22-Feb-25	J Lill
	<ul style="list-style-type: none"> <li>Are internal financial controls documented and regularly reviewed?</li> </ul>	YES	The Standing Orders specify the responsibilities of the RFO.	22-Feb-25	J Lill

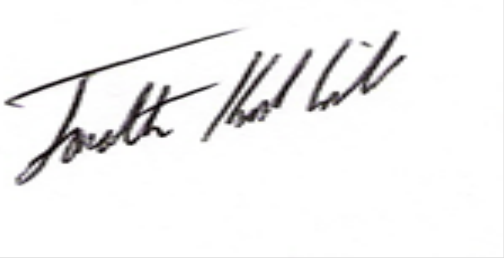
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<b>Income Controls</b>	<ul style="list-style-type: none"> <li>Is income properly recorded and promptly banked?</li> </ul>	YES	All income properly recorded in the Receipts & Payments Book, with no evidence of any delays in banking.	22-Feb-25	J Lill
	<ul style="list-style-type: none"> <li>Does the precept recorded agree to the Council Tax authority's notification?</li> </ul>	YES	2024/25 Precept of £52,000 agrees to the Council meeting minuted approval on 21-Dec-23.	22-Feb-25	J Lill
	<ul style="list-style-type: none"> <li>Are security controls over cash and near-cash adequate and effective?</li> </ul>	N/A	There is no Petty Cash.	22-Feb-25	J Lill
<b>Payroll Controls</b>	<ul style="list-style-type: none"> <li>Do all employees have contracts of employment with clear terms and conditions?</li> </ul>	YES ?	There were 3 employees during the year, the clerk all year, one handyman between Apr-Jul24 and another from Jan25. I have seen the contracts for the Clerk and new Handyman. The pay rates agree to the latest SLCC SCP rates. The Clerk's contract signed on 22-May-08 is correct, but the actual hours paid has been confirmed by the Chair. The clerk's contract needs to be updated with the correct hours per week and SCP Scale.	22-Feb-25	J Lill
	<ul style="list-style-type: none"> <li>Do salaries paid agree with those approved by the council?</li> </ul>	YES	All the salary calculations are outsourced to Checkbook Accountancy Ltd who send a monthly Payroll Summary to the Clerk for payment. All payments have been checked to these Payroll Summaries and approved in meeting minutes. The Clerk is being paid the LC1 Scale 11 rate.	22-Feb-25	J Lill
	<ul style="list-style-type: none"> <li>Are other payments to employees reasonable and approved by the council?</li> </ul>	YES	All payments were supported by receipts and approved during council meetings.	22-Feb-25	J Lill
	<ul style="list-style-type: none"> <li>Have PAYE/NIC been properly operated by the council as an employer?</li> </ul>	YES	Payments to HMRC for PAYE are made quarterly. All agree to Payroll Summary sheets [except Oct-Dec24 PAYE paid in Dec24 which was £8.63 more]. No Employer's NI has been paid.	22-Feb-25	J Lill
<b>Assets controls</b>	<ul style="list-style-type: none"> <li>Does the council maintain a register of all material assets owned or in its care?</li> </ul>	YES	Asset List is maintained.	22-Feb-25	J Lill
	<ul style="list-style-type: none"> <li>Are the assets and Investments registers up to date?</li> </ul>	YES	The Asset List has been updated for new assets purchased/replaced in 2024/25.	22-Feb-25	J Lill
	<ul style="list-style-type: none"> <li>Do asset insurance valuations agree with those in the asset register?</li> </ul>	NO	The Asset List does not show any insurance valuations. The Zurich policy for Y/E 14-Jun-25 covers £116,089.95 of assets and there are £181,189.41 assets as at 22-Feb-25.	22-Feb-25	J Lill

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<b>Bank Reconciliation</b>	<ul style="list-style-type: none"> <li>Is there a bank reconciliation for each account?</li> </ul>	YES	There have been 2 bank account during 2024-25, HSBC which closed on 06-Feb-25 and Virgin Money which opened 01-Sep-24. The Bank Reconciliations have included both bank accounts.	22-Feb-25	J Lil
	<ul style="list-style-type: none"> <li>Is a bank reconciliation carried out regularly and in a timely fashion?</li> </ul>	YES	Bank Reconciliations are prepared and reported at nearly all Council Meetings [only 24-Oct-24 meeting had none]. All have been reviewed and signed. All have been checked to Bank Statements and Receipts & Payments Book.	22-Feb-25	J Lill
	<ul style="list-style-type: none"> <li>Are there any unexplained balancing entries in any reconciliation?</li> </ul>	NO	No unexplained balances.	22-Feb-25	J Lill
	<ul style="list-style-type: none"> <li>Is the value of investments held summarised on the reconciliation?</li> </ul>	N/A	No investments belonging to the Parish. There are 3 investments belonging to the Playground Group which are not included per External Auditor's instructions.	22-Feb-25	J Lill
<b>Year-end procedures</b>	<ul style="list-style-type: none"> <li>Are year-end accounts prepared on the correct accounting basis?</li> </ul>	YES	No accounts are prepared during the year and have therefore not yet seen any accounts for 2024-25. The 2023-24 accounts were prepared using the Cash Accounting Basis [not Accruals Basis] which is acceptable for a council with gross income under £250,000 per annum.	22-Feb-25	J Lill
	<ul style="list-style-type: none"> <li>Do accounts agree with the cashbook?</li> </ul>	YES	The 2023-24 Accounts do agree with the Receipts & Payments Book, with the Playground Group's current account balance and movements manually added. The 2024-25 Accounts have not yet been prepared.	22-Feb-25	J Lill
	<ul style="list-style-type: none"> <li>Is there an audit trail from underlying financial records to the accounts?</li> </ul>	YES ?	The 2023-24 Accounts do agree to the Receipts & Payments Book and Playground Group's current account. The external auditors have requested that the Playground Group's current account is included in the Accounts, but not their investments. Do not understand why. If they believe the Playground Group's assets belong to the Parish, then both should be included. If the assets do not belong to the Parish, then none should be included. <b>Please request explanation from external auditors.</b>	22-Feb-25	J Lill
	<ul style="list-style-type: none"> <li>Where appropriate, have debtors and creditors been properly recorded?</li> </ul>	N/A	Debtors and Creditors are not recorded.	22-Feb-25	J Lill

**HAYDON PARISH COUNCIL- REPORT OF THE INTERNAL AUDITOR FOR YEAR 2024-2025**

<p>I confirm that I have examined the relevant accounts as presented to me by the Responsible Finance Officer.</p> <p>The accounts are in good order and are managed in a timely and responsible manner. Regular bank reconciliations are presented. They are the Council’s best tool to monitor financial management of its accounts. Monthly reports to Council of receipts and payments are in line with legislation. A separate record of s 137 payments is being kept.</p> <p>I hereby state that I am satisfied with Haydon Parish Council’s conduct of its financial affairs, its accounts procedures and its financial reporting.</p>	<p><b>Signed:</b></p> <p><b>Jonathon Lill</b></p> 	<p><b>Date:</b></p> <p><b>22-Feb-25</b></p>
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