

Brixton Parish Council

Internal Audit Report for 2024-25

Introduction and purpose

1. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Scope of audit

2. I have conducted an internal audit of Brixton Parish Council's accounts for 2024/25 financial year. Its objective was to test and evaluate the effectiveness of the Council's governance, internal financial control and risk management procedures. Where appropriate, a sampling of transactions was undertaken to test the effectiveness of a particular control.
3. The key areas examined are set out in the following paragraphs, together with any findings and recommendations, to enable the Council to consider changes that will enhance the effectiveness of the existing controls.

Governance, internal financial controls and risk management

4. All councils are required to prepare, consider and minute approval of key governance and internal financial control processes. Brixton Parish Council reviewed and approved the following processes during 2024/25.
 - Financial Regulations
 - Standing Orders
 - Internal Control Policy
 - Risk Assessment
 - Health and Safety Policy
 - Investment Policy Anti-Fraud and Corruption Policy
 - Data Protection and Information Security Policy

Audit finding: Key governance and financial policies had been reviewed annually by the Parish Council. Numerous other policies associated with the Council's general practices were also reviewed annually.

Accounting records

5. The Clerk maintained a cashbook of receipts and payments transactions for each successive month during 2024/25 financial year. Receipts were analysed and totalled for all sources of income received during the month, including VAT where appropriate. Monthly payments were analysed over the required headings, including VAT where applicable, and totalled. Monthly totals of receipts and payments were used in the bank reconciliation process at the end of each month.

Audit finding: The cash book format provided a clear framework to support the internal financial and budgetary controls.

Bank reconciliations

6. Accounts and Audit Regulations 2015 specify that statements reconciling an authority's bank accounts with its accounting records need to be prepared on a regular basis and reviewed by members of the authority, including the financial year-end. It was confirmed that:-
 - The Clerk performed monthly bank reconciliations.
 - Bank reconciliations were provided for members each quarter and recorded in the minutes.
 - An additional year-end reconciliation, certified by the Chair, was performed for 2024/25 Annual Summary of Accounts.

Audit finding: Reconciliation statements were presented to members each quarter for consideration and approval recorded in the minutes. The procedure was operating effectively.

Budget and Precept for 2025/26

7. Brixton Parish Council met on 29 January 2025 to consider and approve a budget for 2025/26 of £50,919.50 (Minute 67.7). At the same meeting, the precept on South Hams District Council for 2025/26 was approved at £50,920.00 (Minute 67.8)

Audit findings: The Parish Council discussed and approved the budget and precept statements of income and expenditure -2024/25 actual and 2025/26 estimates - presented by the Clerk. The Chair of the Parish Council had properly approved the agreed precept on South Hams District Council. The financial control processes were working effectively.

Budgetary monitoring

8. The Clerk produced a clear up to date statement of receipts and payments for each monthly Parish Council meeting. The statement analysed individual receipts

and payments, where those funds have been allocated, and current bank balances. An agenda, with a copy of the monthly financial statement, was circularised to members prior to each meeting. The data enabled budget comparisons and future projections to be made in a timely manner to enable any revision or corrective action to be taken. The adequacy of reserves, process for grant claims and possible risk of loss was also assessed. Brixton Parish Council minutes recorded what discussions have taken place and any decisions taken as part of the budgetary monitoring process.

Audit finding: The process was transparent and enabled budgetary control to operate effectively throughout 2024/25.

Clerk's salary and expenses

9. The Clerk's rate of pay and conditions are approved by Brixton Parish Council but South Hams District Council administers the payroll records. Monthly payslips are produced by South Hams District Council and forwarded to Brixton Parish Council where a cheque is signed by two authorised member signatories and issued to the Clerk.

10. Tests on the operation of the salary controls confirmed:

- Brixton Parish Council minutes of 25 September 2024 had carried out an annual review and appraisal of the Clerk's salary. (Minute 45.1)
- the Clerk's job description was reviewed and additional responsibility added. (Minute 45.2)
- The annual pay review increased the Clerk's salary from Scale Point 27 to Scale Point 28 in accordance with NJC approved scales of pay from 25 September 2024. (Minute 45.3)
- The Parish Council approved the Clerk's entry to the Local Government Pension Scheme. (Minute 45.4)
- Monthly salary payments had been promptly and accurately trailed to the cash book.
- South Hams District Council is responsible for calculating appropriate HMRC salary deductions - PAYE, National Insurance and pension contributions. The data is transmitted to the Clerk and the Parish Council makes payment to HMRC.

Audit finding: The control processes were sound with good internal check and a clear audit trail to support the transactions. The Parish Council authorises salary payments to the Clerk and payment to HMRC.

Receipts

11. A substantive check was made on declared total receipts of £ 58,703.65 to verify: -
- each transaction had been accurately recorded in the accounts and properly trailed to the respective bank and building society accounts.
 - Receipts were received for a variety of purposes, for example, two precept payments totalling £45,238.00, Skipton Building Society interest £2873.97, SHDC locality funding, temporary holding accounts, P3 grants, shared contributions for River Yealm equipment and VAT refund (£2,825.00).

All the transactions in the sample check were properly accounted for and the control procedure for receipting was sound.

Payments

12. Ten payments were randomly selected to verify:
- compliance with Financial Regulations and Standing Orders.
 - each transaction was supported by a relevant invoice, till receipt, expense claim or other vouchers and accurately recorded in the accounts.
 - VAT had been allocated in the accounts where appropriate.
 - a cheque was issued for each payment and the transaction trailed to a relevant bank statement.
 - Outstanding cheques were followed up cleared promptly.

Audit finding: The tests provided an assurance that the internal controls for payments were operating effectively.

Insurances

13. The current insurance policy for Brixton Parish Council was reviewed and approved by members on 22 May 2024 at cost of £587.40 (Minute 15.8). Members were satisfied the policy provided:-
- the range and level of risks required by the Parish Council.
 - adequate cover for employers and employees.
 - an appropriate level of fidelity guarantee for the associated risks.
 - provision to notify insurers of any new risks arising during the period of cover.

Audit findings: - The insurance policy negotiated with Zurich Insurance plc (through Community First) provides for a three-year cover from on 1st June 2023 with annual reviews from 1st June each year. The range of cover appeared to be reasonable for the type and level of potential risk with changes notified during 2024/25.

Fixed Asset Register

14. The Fixed Asset Register was examined to establish:-

- if it was up to date.
- whether recent purchases have been approved and included in the register.
- sales or disposals have been approved and any income accruing is banked.
- Valuations are realistic and revalued where necessary to allow for depreciation.

Audit findings: - The register was updated during 2024/25 year for purchases and receipts and payments account revaluations of existing assets. The main changes during the year related to the gift of a defibrillator and the purchase of a vehicle activation sign. The register total at 31st March 2024 was £63,117.15 and the rounded total of £63,117 is reflected in the 2024/25 AGAR Accounting Statement.

Online banking

15. Brixton Parish Council sometimes faces practical problems where traders prefer payment online or telephone rather than by cheque. I have previously discussed the alternatives with the Clerk and we both agreed it would be unwise for Brixton Parish Council to even consider having a credit card account.

16. I recommend Brixton Parish Council considers an additional option to introduce an online banking system - perhaps in an emergency - to complement payment by cheque which is operating under control and very effectively. It is often favoured by local traders.

Overview and conclusion

17. Brixton Parish Council minutes show that members keep close controls over budget preparation, budget monitoring and payment procedures. These are backed up with a framework of financial policies that have been reviewed annually.

18. The Clerk has been actively involved in all aspects of financial management for Brixton Parish Council. Clear and comprehensive statements of receipts and payments have been presented, with the current banking position, to each monthly meeting of the Parish Council. The process has enabled members to make informed decisions on budget preparation, budget monitoring, precept calculation and purchasing procedures. It is good to see those efforts have been rewarded.

19. The Clerk, with full support by members, has developed a Parish website to broaden information available and improve interaction within the community. Members had also approved and upgraded the website to add unlimited pages for parishioners.
20. Brixton Parish Council updated its 2025-2028 Business Plan and approved an Action Plan for 2025. These actions provide a valuable supporting framework of aims and objectives for the future running of the Parish.

Peter Vassallo CPFA
21 May 2025