

**John P Watson & Co**

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**Noak Bridge Parish Council**

**Internal Audit Report 2024-25**

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## **Introduction**

Legislation introduced from 1<sup>st</sup> April 2001, requires all Town and Parish Councils to implement an independent internal audit examination of their accounts and accounting processes annually. The following report complies with these requirements.

This report sets out the work undertaken in relation to the 2024-25 financial year, during the course of the audit, which took place on 21st May 2025.

As detailed in the Joint Panel on Accountability and Governance Practitioners' Guide, it is not the purpose of either the Internal or External Audit to detect or prevent fraud.

## **Internal Audit Approach**

The basis of the review is that regard should be given to the materiality of transactions and their susceptibility to potential misrecording or misrepresentation in the year-end Statement of Accounts/AGAR. The programme of cover has been designed to afford appropriate assurance that the Council's financial systems remain robust and operate in a manner to ensure effective control of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory regulatory framework. The programme is also designed to assist the completion of the 'Internal Audit Report' as part of the Council's AGAR process, which requires independent assurance over several internal control objectives.

## **Overall Conclusion**

The quality of the records maintained by the Acting Clerk/RFO and the new Clerk/RFO is acknowledged and the new Clerk is thanked for her assistance during this internal audit review of the 2024-25 financial year, which has ensured the smooth progress of the work undertaken.

The 'Annual Internal Audit Report' in the year's AGAR has been signed and dated having concluded that, in all significant respects, the Internal Control Objectives set out in that report were being achieved throughout the financial year to a standard more than adequate to meet the needs of the Council.

## 1 Accounting Records & Bank Reconciliations

### a) Objective

To ensure that the accounting records are being maintained accurately and currently and that no incorrect or inexplicable entries appear in cashbooks or financial ledgers.

### b) Detail

- i. There are two bank accounts in operation with Santander Bank being the Business Account and the Business Savings Account. Additionally a new bank account was opened with the Metro Bank on 18th December 2024.
- ii. The Council maintains their accounting records by way of a detailed Excel spreadsheet which is more than adequate for a Council of this size.
- iii. The opening cashbook balance for 2024-25 has been reconciled to the 2023-24 closing Statement of Accounts and the certified AGAR detail.
- iv. VAT is identified separately in the spreadsheet.
- v. All transactions in the cashbooks of the two Santander Bank Accounts and the Metro Bank Account have been checked for the year. All were complete and accurate and had been prepared in a timely manner.
- vi. Bank Reconciliations were prepared on a regular basis. These have been checked and were complete and accurate.
- vii. All accounts remained “in balance” at the end of the period under review.
- viii. It is noted that the computers holding the Council records are backed up on a regular basis. It was suggested in the Internal Audit Report last year that a backup also be made to the Cloud. It is understood that the Clerk is investigating this.

### c) Conclusion

- i. It is suggested that a backup of the Council’s computer system be made to the Cloud.

## 2 Corporate Governance

### a) Objective

To ensure that the Council has a robust regulatory framework in place, that Council meetings are conducted in accordance with the adopted Standing Orders and that, bearing in mind we do not attend Council or Committee meetings, no actions of a potentially unlawful nature have been or are being considered for implementation.

### b) Detail

- i. The Council Minutes have been reviewed for the year to date by reference to the Council’s website and in hard copy format, to identify whether any issues arise that may have an adverse effect on

- the Council's future financial stability, either in the short, medium or longer term.
- ii. Standing Orders nor Financial Regulations were reviewed by Council at their meeting on 21st May 2024 (minute 58/2024 refers).
- iii. The Council has not adopted the General Power of Competence.
- iv. The 2025/2026 precept was agreed in the amount of £41,276.54 at the Council meeting held on 31st January 2025 (minute 08/2025 refers.).
- v. The Council provided for the proper opportunity for the exercise of public rights in respect of 2023/2024.
- vi. Council are reminded that AGAR details must be retained on their website for a minimum of five years.

**c) Conclusion**

- i. There are no matters to be commented on in this area of the Report.

### **3 Expenditure**

**a) Objective**

To ensure that the Council follows good practice when making payments.

**b) Detail**

- i. All payments for the year to 31st March 2025 were checked. Three payments were not supported by invoices and the Clerk is obtaining copies. It is recommended that invoices are retained in respect of all payments made.
- ii. With three exceptions as reported in 3 b) i above, payments were supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due.
- iii. All payments were approved by Council members as required with all payments being recorded in the minutes.
- iv. All discounts due on goods and services were taken where appropriate.
- v. With one exception VAT has been appropriately identified for periodic recovery. This exception has been discussed with the Clerk Clerk/RFO.
- vi. A VAT repayment claim in the amount of £4,731.71 has been submitted to HMRC in respect of the year ending 31st March 2024, payment being received on 8th April 2024.
- vii. It is noted that the Council holds a Debit Card which is rarely used. Any expenditure on this card is authorised as part of the payment authorisation process.
- viii. It is noted that two Councillor have individual authority to submit online banking transactions but that these transactions are not verified by a separate Councillor. Clause 7.1 of Financial Regulations states “a minimum of two Councillors will be involved in any online approval process”. It is again recommended that online banking transactions be verified by a second separate Councillor.

**c) Conclusion**

- i. It is recommended that invoices are retained in respect of all payments made.
- ii. It is recommended that online banking transactions be verified by a second separate Councillor

## 4 Risk

**a) Objective**

To ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks.

**b) Detail**

- i. It is noted that Council reviewed their Risk Assessment at the Council meeting held on 21st May 2024 (minute 58/2024 refers).
- ii. Council's insurance is with Clear for the year to 31st May 2025 with Employers and Public Liability being set at £10m and Fidelity Guarantee being set at £250k.
- iii. It is understood that the Council owns a Petanque Court and Play Equipment. It is further understood that no inspections of these have been undertaken. Council are reminded that it is a requirement to carry out regular health and safety inspections of such areas and it is recommended that Council ensure that such inspections are carried out by a suitably trained person on a regular basis, that written reports are submitted to Council by that person and any remedial work is carried out without delay. Council is reminded that it is a statutory requirement to retain all playground inspection reports for a period of eighteen plus three years, twenty-one years in total, and to ensure that a reasonable and proportionate Play Area Management Policy is in maintained.
- iv. It is also recommended that an appropriate RoSPA accredited Company be appointed to carry out annual inspections

**c) Conclusion**

- i. It is recommended that Council ensure that inspections are carried out in the Play Area by a suitably trained person on a regular basis and that reports are submitted to Council by that person and any remedial work is carried out without delay.
- ii. It is recommended that an appropriate RoSPA accredited Company be appointed to carry out annual inspections

## 5 Precept Determination

**a) Objective**

To ensure that the Council has the appropriate procedure in place for identifying and approving its future budgetary requirements and level of precept to be drawn down from the District Council.

**b) Detail**

- i. Council discussed and agreed the detailed 2025/2026 budget at their meeting on 31st January 2025 (minute 08/2025 refers).
- ii. As mentioned previously in this Report, the 2025/2026 precept was agreed in the amount of £41,276.54 at the Council meeting held on 31st January 2025 (minute 08/2025 refers).

**c) Conclusion**

- i. There are no matters to be commented on in this area of the Report.

## **6 Budget Control**

**a) Objective**

To ensure that Council has an effective reporting and monitoring process is in place and also to ensure that the Council retains appropriate funds in general and earmarked reserves to finance its ongoing spending plans, whilst retaining appropriate sums to cover any unplanned expenditure that might arise.

**b) Detail**

- i. Council are regularly provided with monthly budget reports.
- ii. It is noted that Total Reserves as at 31st March 2025 are £202,631 of which £108,594 are Earmarked Reserves. The balance of General Reserves at £94,037 equates to over thirty five months average revenue expenditure which is well above the generally accepted guidelines of between three and six months average revenue expenditure.
- iii. The year-end budget outturn has been reviewed for any significant unexplained variances with none in evidence.

**c) Conclusion**

- i. There are no matters to be commented on in this area of the Report.

## **7 Income**

**a) Objective**

To ensure that Council has appropriate procedures in place to ensure that all income due is identified, invoiced (if necessary), recovered and banked in a timely manner.

**b) Detail**

- i. The main sources of income available to the Council are the precept, VAT repayments, bank interest and occasional grants and donations.
- ii. All income has been verified by reference to the cash book with no issues arising.

**c) Conclusion**

- i. There are no matters to be commented on in this area of the Report.

## 8 Petty Cash

### a) Objective

To ensure that the Council follows good practice when making cash payments.

### b) Detail

The Parish Council does not hold Petty Cash.

### c) Conclusion

There are no matters to be commented on in this area of the Report.

## 9 Salaries

### a) Objectives

To confirm that current Employment Law is being appropriately observed together with the requirements of HM Revenue and Customs (HMRC) legislation as regards the deduction and payment over of income tax and NI contributions, together with meeting the requirements of the revised local government pension scheme, to which employees contribute.

### b) Detail.

- i. The Council did not employ a paid Clerk/RFO until the new Clerk/RFO was appointed on 27th January 2025.
- ii. Payroll calculations are provided by an external payroll provider.
- iii. The payroll has been checked for the months of March 2025 with no issues arising.
- iv. Council agreed at their meeting on 26th February 2025 that the Clerk/RFO should be enrolled in the NEST Pension Scheme (minute 21/2025/05 refers).
- v. It is noted that, as at the year end, no payments had been made to HMRC in respect of PAYE/NI deductions.

### c) Conclusion

- i. There are no matters to be commented on in this area of the Report.

## 10 Asset Register

### a) Objective

To ensure that the Council develops and maintains a register of assets identifying detail of all land, buildings, vehicles, furniture and equipment owned by the Council as required by the Governance and Accountability Manual.

### b) Detail

- i. The Council maintains a detailed formal Asset Register which has been prepared using purchase cost uplifted or decreased to reflect the acquisition or disposal of any assets (where applicable) during the financial year.

- ii. It is noted that a photographic record of the Council's Assets is retained.
- iii. Council approved the Asset Register at their meeting on 21st May 2025 (minute 58/2024 refers).
- iv. It is confirmed that the correct Asset value has been reflected in the 2025 AGAR.

**c) Conclusion**

- i. There are no matters to be commented on in this rea of the Report.

## **11 Investments and Loans**

**a) Objective**

To ensure that the Council is "investing" surplus funds, be they held temporarily or on a longer term basis in appropriate banking and investment accounts; that an appropriate investment policy is in place; that the Council is obtaining the best rate of return on any such investments made; that interest earned is brought to account correctly and appropriately in the accounting records and that any loan repayments due to or payable by the Council are transacted in accordance with appropriate loan agreements.

**b) Detail**

- i. Council holds no long-term investments, an interest bearing account being held at the Santander Bank.
- ii. Council approved their Investment Policy at their meeting on 26th February 2025 (minute 22/2025/01 refers).
- iii. It has previously been recommended that Council take note of the government's Financial Services Compensation Scheme which gives a maximum level of protection of £85,000 invested in one institution. It is understood that Council have opened an account with Unity Bank.
- iv. Council does not have any loans with external bodies repayable by or to it.

**c) Conclusion**

- i. It is recommended that Council take note of the government's Financial Services Compensation Scheme which gives a maximum level of protection of £85,000 invested in one institution.

## **12 Statement of Account and AGAR**

**a) Objective**

To ensure Council meets the requirements of the 1996 Accounts and Audit Regulations in that they must prepare annually a detailed Statement of Accounts, together with supporting statements identifying other aspects of the Council's financial affairs.

**b) Detail**

- i. The accuracy of detail contained in the above documentation has been verified.



- ii. The reports have been checked against prime documentation, and it is confirmed that the Council's accounting reports accurately records the 2024-25 financial year's transactions.
- iii. As previously mentioned in this Report, Council are reminded that AGAR Sections 1, 2 and 3 should be retained on their website for a minimum of five years.

**c) Conclusion**

- i. There are no matters arising in this area of our review warranting formal comment or recommendation and, on the basis of the work undertaken during the course of the review for the year, the Internal Audit Certificate in the Annual Return has been completed and signed assigning positive assurances in all areas.

**21st May 2025**