



Mrs T Miles
Wouldham Parish Council
81 High Street
Wouldham
Kent
ME1 3XG

13 May 2025

Dear Tina

Re: Wouldham Parish Council
Internal Audit for Financial Year Ended 31 March 2025 – Final Audit report

Executive summary

Following completion of our final internal audit on 13 May 2025 we enclose our report for your kind attention and presentation to the council. The audit was conducted in accordance with current practices and guidelines and testing was risk based. Whilst we have not tested all transactions, our samples have where appropriate covered the entire year to date.

Our report is presented in the same order as the assertions on the internal auditor report within the published Annual Governance and Accountability Return (AGAR). The start of each section details the nature of the assertion to be verified. Testing requirements follow those detailed in the audit plan previously sent to the council, a copy of which is available on request. The report concludes with an opinion as to whether each assertion has been met or not at this point in the year. **Recommendations for action are shown in bold text and are summarised in the table at the end of the report.**

Some assertions, as noted in this report, were tested at the interim internal audit completed during the financial year and the council should review all internal audit reports for the year before completing the Annual Governance Statement.

Our sample testing did not uncover any errors or misstatements that require reporting to the external auditor at this time, nor did we identify any significant weaknesses in the internal controls such that public money would be put at risk.

It is clear the council takes governance, policies and procedures seriously and I am pleased to report that overall, the systems and procedures you have in place are fit for purpose and whilst my report may contain recommendations to change these are not indicative of any significant failings, but rather are pointers to improving upon an already well-ordered system.

It is therefore our opinion that the systems and internal procedures at Wouldham Parish Council are well established and followed.

Regulation

The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. In addition to this, a smaller authority is required by Regulation 5(1) of the Accounts and Audit Regulations 2015 to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

Internal auditing is an independent, objective assurance activity designed to 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. The purpose of internal audit is to review and report to the authority on whether its systems of financial and other internal controls over its activities and operating procedures are effective.

Internal audit’s function is to test and report to the authority on whether its specific system of internal control is adequate and working satisfactorily. The internal audit reports should therefore be made available to all Members to support and inform them when they considering the authority’s approval of the annual governance statement.

Independence and competence

Your audit was conducted by Andy Beams of Mulberry Local Authority Services Ltd, who has over 35 years’ experience in the financial sector with the last 15 years specialising in local government.

Your auditor is independent from the management of the financial controls and procedures of the council and has no conflicts of interest with the audit client, nor do they provide any management or financial assistance to the client.

Engagement Letter and inherent risk assessment

An engagement letter was previously issued to the council covering the 2024/25 internal audit assignment, which includes the scope and plan of works and fee structure. Copies of this document are available on request from anna@mulberrylas.co.uk

In summary, our work will address each of the internal control objectives as stated on the Annual Internal Audit Report of the AGAR.

It is our opinion that the inherent risk of error or misstatement is low, and the controls of the council can be relied upon and as such substantive testing of individual transactions is not required. Testing to be carried out will be “walk through testing” on sample data to encompass the period of the council year under review.

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Interim internal audit recommendations

Audit Point	Interim Audit Findings	Council comments
B. FINANCIAL REGULATIONS, GOVERNANCE AND PAYMENTS	<p>I was unable to trace the reporting of the conclusion of the audit to the council, and this must be done at the next opportunity, and in future completed as soon as practical after the External Auditor's Report and Certificate have been received.</p> <p>I note the Register of Members' Interest forms for two councillors pre-date the last election and I remind the council that a new declaration should be completed after each election and again if any details change during the councillor's elected term of office.</p> <p>The council has a Privacy Notice on its website which was added in January 2020. The policy is a standard template and has not been personalised for the council and contains statements including 'This Privacy Notice is provided to you by "EDIT NAME" Parish Council which is the data controller for your data' and 'The Data Controller: "EDIT NAME" Parish Council Clerk Email: clerk@EDIT NAME".gov.uk'. This document should be updated to include reference to the correct Parish Council.</p> <p>Agendas do not contain a publication date, and I recommend this is added to provide clarity that the statutory three clear working days' notice has been provided.</p> <p>I note that some non-confidential background papers are published on the council website and I remind the council of the requirements of the Information Commissioner's Office ico.org.uk/minutesandagendas.pdf (page 3 of this link)</p> <p>I encourage the council to establish a regular pattern of VAT returns, perhaps either quarterly or half-yearly, to ensure the VAT refunds are kept up to date.</p>	<p>This was completed at the meeting on 7 January 2025 (minute ref 7.3).</p> <p>I note that Cllr Bell's form has been updated and added to the website, but Cllr Marr's published declaration is still the 2015 version, and this should be updated ASAP.</p> <p>This was agreed to be amended, and at the final audit I was able to confirm via the council website.</p> <p>At the final audit, I note that the agendas now contain a publication date.</p> <p>To be tested at next interim audit.</p> <p>I note the council agreed at the meeting held on 7 January 2025 to ensure that the VAT returns are submitted three times per year and at the final audit I noted the most recently completed return to evidence this.</p>

C. RISK MANAGEMENT AND INSURANCE	Based on the balances held at the date of the interim internal audit, I recommend the council increases the Fidelity Guarantee level to cover the maximum balance held at any point during the year.	It was agreed to increase this at the meeting held on 7 January 2025 and the Clerk confirmed the level is now £250,000.
I. BANK AND CASH	The council benefits from the depositor protection scheme operated by the Financial Services Compensation Scheme (FSCS) and I note balances on both accounts exceed the £85,000 depositor threshold. The council may wish to consider opening an account with an alternate provider to maximise the protection available to it.	I note the council discussed this at the January 2025 council meeting, although at the year-end the balances remain on the accounts exceeding the protection threshold.

A. BOOKS OF ACCOUNT

Internal audit requirement

Appropriate accounting records have been properly kept throughout the financial year.

Audit findings

Testing conducted at the interim internal audit.

B. FINANCE REGULATIONS, GOVERNANCE AND PAYMENTS

Internal audit requirement

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

Audit findings

There were several recommendations made at the interim audit in relation to this internal control objective, and I am pleased to note the internal audit report was considered by the council at the meeting held on 7 January 2025 and the minutes note agreed actions of council in relation to these areas as below.

Interim audit finding

I was unable to trace the reporting of the conclusion of the audit to the council, and this must be done at the next opportunity, and in future completed as soon as practical after the External Auditor's Report and Certificate have been received.

This was completed at the meeting on 7 January 2025 (minute ref 7.3).

Interim audit finding

I note the Register of Members' Interest forms for two councillors pre-date the last election and I remind the council that a new declaration should be completed after each election and again if any details change during the councillor's elected term of office.

At the final audit, I note that Cllr Bell's form has been updated and added to the website, but Cllr Marr's published declaration is still the 2015 version, and this should be updated ASAP.

Interim audit finding

The council has a Privacy Notice on its website which was added in January 2020. The policy is a standard template and has not been personalised for the council and contains statements including 'This Privacy Notice is provided to you by "EDIT NAME" Parish Council which is the data controller for your data' and 'The Data Controller: "EDIT NAME" Parish Council Clerk Email: [clerk@"EDIT NAME".gov.uk](mailto:clerk@)'. This document should be updated to include reference to the correct Parish Council.

This was agreed to be amended, and at the final audit I was able to confirm via the council website.

Interim audit finding

Agendas do not contain a publication date, and I recommend this is added to provide clarity that the statutory three clear working days' notice has been provided.

At the final audit, I note that the agendas now contain a publication date.

Interim audit finding

I encourage the council to establish a regular pattern of VAT returns, perhaps either quarterly or half-yearly, to ensure the VAT refunds are kept up to date.

I note the council agreed at the meeting held on 7 January 2025 to ensure that the VAT returns are submitted three times per year and at the final audit I noted the most recently completed return to evidence this.

C. RISK MANAGEMENT AND INSURANCE

Internal audit requirement

This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

Audit findings

Based on the balances held at the date of the interim internal audit, I recommended that the council increases the Fidelity Guarantee level to cover the maximum balance held at any point during the year.

It was agreed to increase this at the meeting held on 7 January 2025 and the Clerk confirmed the level is now £250,000.

We discussed assertion 8 on the Annual Governance Statement and whether this had any impact on the council.

“We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.”

The Clerk confirmed that they were not aware of any event having a financial impact that was not included in the accounting statements.

D. BUDGET, PRECEPT AND RESERVES

Internal audit requirement

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

Audit findings

Testing conducted at the interim internal audit.

The year-end budget report shows expenditure reported at 87%, suggesting that the budget has been accurately set and carefully monitored throughout the year. There is evidence within the minutes of meetings that councillors regularly receive budget reports for review, providing them with sufficient financial information to make informed decisions.

At the end of the financial year, the council held circa £116,000 in earmarked reserves, spread across a range of clearly identifiable projects, including amounts received from S.106 funding which are identified separately.

The Joint Panel on Accountability and Governance (JPAG) Practitioner’s guide provides updated guidance on the appropriate level of general reserves that councils should retain as below:

5.33. *The general reserve of an authority comprises its cash flow and contingency funds to cover unexpected inflation, unforeseen events and unusual circumstances.*

5.34. *The generally accepted recommendation with regard to the appropriate minimum level of a smaller authority's general reserve is that this should be maintained at between three and twelve months of net revenue expenditure.*

5.35. *The reason for the wide range is to cater for the large variation in activity level between individual authorities. The smaller the authority, the closer the figure may be to 12 months expenditure, the larger the authority, the nearer to 3 months. In practice, any authority with income and expenditure in excess of £200,000 should plan towards 3 months equivalent general reserve.*

5.36. *In all of this it is important that each authority adopt, as a general reserve policy, the level appropriate to their size, situation, risks and plan their budget so as to ensure that the adopted level is maintained. Consideration of the minimum level of reserves requires not only consideration of level of income and expenditure but also the risks to that income.*

5.37. *Authorities with significant self-generated income (other than the precept or levy) should take into account situations that may lead to a loss in revenue as well as increased costs and adapt their general reserve accordingly.*

The general reserve balance at the end of the financial year is circa £65,000, which is within the recommended range.

E. INCOME

Internal audit requirement

Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.

Audit findings

Testing conducted at the interim internal audit.

F. PETTY CASH

Internal audit requirement

Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for.

Audit findings

The council has no petty cash and the testing for this internal control objective does not apply.

G. PAYROLL

Internal audit requirement

Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.

Audit findings

Testing conducted at the interim internal audit.

I reviewed the total figure being included within box 4 (staff costs) on the Annual Governance and Accountability Return (AGAR) and was able to confirm from the accounting software that this includes only salary payments, HMRC payments and pension contributions.

H. ASSETS AND INVESTMENTS

Internal audit requirement

Asset and investments registers were complete and accurate and properly maintained.

Audit findings

Testing conducted at the interim internal audit.

I confirmed the asset register total matches that included in box 9 (total fixed assets plus long term investments and assets) on the AGAR and was able to trace the changes to the previous year's total against the asset register.

The council had borrowing through the Public Works Loan Board (PWLb) although this has now been cleared, and the balance is zero at the end of the financial year. The council has no long-term investments.

I. BANK AND CASH

Internal audit requirement

Periodic and year-end bank account reconciliations were properly carried out.

Audit findings

At the interim internal audit, I noted that the balances on both accounts exceed the £85,000 FCSC depositor threshold and recommended that the consider opening an account with an alternate provider to maximise the protection available to it.

I note the council discussed this at the January 2025 council meeting, although at the year-end the balances remain on the accounts exceeding the protection threshold.

I reviewed the March 2025 bank reconciliation for all accounts and was able to confirm the balances to the bank statements and found no errors. The total matches the figure included in box 8 of the AGAR.

J. YEAR END ACCOUNTS

Internal audit requirement

Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.

Audit findings

The council, at its meeting to sign off the year-end accounts, must discuss Section 1 of the AGAR (Annual Governance Statement) and record this activity in the minutes of the meeting.

COUNCIL IS REMINDED THAT THIS MUST BE A SEPARATE AGENDA ITEM PRIOR TO THE SIGNING OF SECTION 2 OF THE AGAR (ACCOUNTING STATEMENT).

Section 1 – Annual Governance Statement

Based on the internal audit findings, I recommend using the table below as the basis for that discussion.

	Annual Governance Statement	'Yes', means that this authority	Suggested response based on evidence
1	We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>	YES – accounts follow latest Accounts and Audit Regulations and practitioners guide recommendations.
2	We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>	YES – there is regular reporting of financial transactions and accounting summaries, offering the opportunity for scrutiny.
3	We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>	YES – the Clerk advises the council in respect of its legal powers.
4	We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>	YES – the requirements and timescales for 2023/24 year-end were followed.

5	We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>	YES – the council has a risk management scheme and appropriate external insurance.
6	We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i>	YES – the council has appointed an independent and competent internal auditor.
7	We took appropriate action on all matters raised in reports from internal and external audit.	<i>responded to matters brought to its attention by internal and external audit.</i>	YES – matters raised in internal and external audit reports have been addressed.
8	We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and. Where appropriate, have included them in the accounting statements.	<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>	YES – no matters were raised during the internal audit visits.
9	Trust funds including charitable – In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/asset(s), including financial reporting and, if required, independent examination or audit.	<i>has met all its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i>	N/A – the council has no trusts

Section 2 – Accounting Statements

AGAR box number		2023/24	2024/25	Internal Auditor notes
1	Balances brought forward	90,907	209,451	Agrees to 2023/24 carry forward (box 7)
2	Precept or rates and levies	71,829	69,856	Figure confirmed to central precept record
3	Total other receipts	203,833	10,135	Agrees to underlying accounting records
4	Staff costs	20,364	34,579	Agrees to underlying accounting records. Includes only expenditure allowed as staff costs (see section G)
5	Loan interest/capital repayments	10,448	5,224	Agrees to PWLB remittance advices
6	All other payments	126,306	67,933	Agrees to underlying accounting records
7	Balances carried forward	209,451	181,706	Casts correctly and agrees to balance sheet
8	Total value of cash and short- term investments	209,451	181,706	Agrees to bank reconciliation for all accounts
9	Total fixed assets plus long- term investments and assets	166,815	173,810	Matches asset register total and changes from previous year have been traced
10	Total borrowings	5,182	0	Agrees to PWLB statement
11a	Disclosure note re Trust Funds (including charitable)	No	No	No – the council is not a sole trustee
11b	Disclosure note re Trust Funds (including charitable)	N/A	N/A	N/A – the council is not a sole trustee

Audit findings

The year-end accounts have been correctly prepared on a receipts and payments basis with no requirement to complete the box 7 and 8 reconciliation.

The AGAR correctly casts and cross casts and last year's comparatives match the figures submitted for 2023/24 and published on the council website.

The variance analysis has been completed and, in my opinion, provides sufficient financial and narrative information to explain the variances to the External Auditor.

K. LIMITED ASSURANCE REVIEW

Internal audit requirement

IF the authority certified itself as exempt from a limited assurance review in 2023/24, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2023/24 AGAR tick "not covered")

Audit findings

The council did not certify itself exempt in 2023/24 due to exceeding the income and expenditure limits and this test does not apply.

L: PUBLICATION OF INFORMATION

Internal audit requirement

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

Audit findings

For councils with a turnover over £25,000, it is recommended best practice to follow the Local Government Transparency Code 2015, but not a statutory requirement and therefore not subject to verification during the internal audit.

All councils are required to follow The Accounts and Audit Regulations which include the following requirements:

13(1) An authority must publish (which must include publication on that authority's website)

- (a) the Statement of Accounts together with any certificate or opinion entered by the local auditor in accordance with section 20(2) of the Act; and
- (b) the Annual Governance Statement approved in accordance with regulation 6(3)

13(2) Where documents are published under paragraph (1), the authority must

- (a) keep copies of those documents for purchase by any person on payment of a reasonable sum; and
- (b) ensure that those documents remain available for public access for a period of not less than five years beginning with the date on which those documents were first published in accordance with that paragraph.

I was able to confirm that pages 4 (Annual Governance Statement), 5 (Accounting Statements) and 6 (External Auditor's Report and Certificate) of the AGARs are available for review on the council website for financial years 2019/20 to 2023/24 inclusive.

M: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS**Internal audit requirement**

The authority has demonstrated that during summer 2024 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.

Audit findings

Inspection – key dates	2023/24 Actual	2024/25 Proposed
Date AGAR signed by council	20 June 2024	4 June 2025
Date inspection notice issued	23 June 2024	9 June 2025
Inspection period begins	24 June 2024	10 June 2025
Inspection period ends	2 August 2024	21 July 2025
Correct length (30 working days)	Yes	Yes
Common period included (first 10 working days of July)	Yes	Yes

I am satisfied the requirements of this control objective were met for 2023/24, and assertion 4 on the Annual Governance Statement can therefore be signed yes by the council. I was able to confirm that the proposed dates for 2024/25 meet the statutory requirements.

N: PUBLICATION REQUIREMENTS**Internal audit requirement**

The authority has complied with the publication requirements for 2023/24. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website / webpage.

Before 1 July 2024 authorities must publish:

- Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited
- Section 1 - Annual Governance Statement 2023/24, approved and signed, page 4
- Section 2 - Accounting Statements 2023/24, approved and signed, page 5

Not later than 30 September 2024 authorities must publish:

- Notice of conclusion of audit
- Section 3 - External Auditor Report and Certificate
- Sections 1 and 2 of AGAR including any amendments as a result of the limited assurance review.

It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

Audit findings

I was able to confirm that the Notice of the Period of Public Rights and Section 1 (Annual Governance Statement) and Section 2 (Accounting Statement) were published on the council's website before 1 July 2024.

I was able to confirm that the Notice of Conclusion of Audit and External Auditor Report and Certificate were published on the council's website before 30 September 2024.

The council has therefore met the publication requirements for 2023/24 have been met.

O. TRUSTEESHIP

Internal audit requirement

Trust funds (including charitable) – The council met its responsibilities as a trustee.

Audit findings

The council has no trusts and testing under this internal control objective is not applicable.

Achievement of control assertions at final internal audit date

Based on the tests conducted during the interim and final audits, our conclusions on the achievement of the internal control objectives to date are summarised in the table below.

	INTERNAL CONTROL OBJECTIVE	YES	NO	NOT COVERED
A	Appropriate accounting records have been properly kept throughout the financial year	✓		
B	This authority complied with its Finance Regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for	✓		
C	This authority assesses the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these	✓		
D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for	✓		
F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for			✓
G	Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H	Asset and investments registers were complete and accurate and properly maintained.	✓		
I	Periodic bank account reconciliations were properly carried out during the year.	✓		
J	Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K	If the authority certified itself as exempt from a limited assurance review in the previous year, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review in the previous year tick "not covered")</i>			✓
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	✓		
M	The authority, during the previous year correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations <i>(evidenced by the notice published on the website and/or authority approved minutes confirming the dates set)</i> .	✓		
N	The authority has complied with the publication requirements for previous year's AGAR.	✓		
O	Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

Should you have any queries please contact me directly on andy@mulberrylas.co.uk or 07428 647069.

Yours sincerely



Andy Beams

Director, Mulberry Local Authority Services Ltd

Final Internal Audit - Points Carried Forward

Audit Point	Audit Findings	Council comments
None		