

**Kelvindale  
Chapel Lane  
Knockin Heath  
Oswestry  
Shropshire  
SY10 8EB**

**Telephone 01691 - 682715  
e-mail:- bt2008@btinternet.com**

**17<sup>th</sup> June 2025**

Hodnet Parish Council

Ladies and Gentlemen

I have again been appointed as your Internal Auditor and am employed by the Council to conduct such tests as are sufficient to enable me to complete the Internal Auditor's Report contained within the Annual Governance and Accountability Return Form for the financial year 2024-2025. The audit has been carried out on a risk assessment basis and assesses the Council's compliance with best practices as outlined in the Practitioners' Guide.

I have undertaken a comprehensive examination of the records presented to me by the Clerk on behalf of the Council and my report is based on the tests I have made which are taken from the Practitioners' Guide. They are relevant to the various headings on the Annual internal audit report and I have given my rationale for the answers given on that report.

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

Appropriate records of monies received and payments made have been kept throughout the year, and these are up to date, regularly balanced and the reconciliation of the cash book balance and the bank statement is agreed and presented at each meeting of the Council when it is received by the councillors, accepted and duly minuted. The records are made up to 31st March 2025 and were audited by me on 17<sup>th</sup> June 2025.

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

I have checked a sample of the Income received and also the invoices paid, together with a sample of the payment transactions and found them to be satisfactory. VAT on payments has been identified and recorded separately. The Standing Orders were updated and approved by the full council in February 2024, as were the Financial Regulations and Code of Conduct. See minute 24/27. These will be reviewed and approved at the June 2025 meeting.

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

The Clerk produced a new Risk Management Scheme for consultation and approval at the full meeting of the Council in May 2024. There is now also a comprehensive and detailed Risk Assessment schedule, which has been updated. This risk management log shows the dates the annual checks were done on assets etc and also trees/playground checks and has reports to go with those checks.

The existing Insurance cover was discussed at the June 2024 meeting, mainly because the discussion was centred around the insurance valuations in the asset register.

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

A draft budget was drawn up by the Clerk and circulated to Councillors in time for the January meeting, when an expenditure budget of £36270 was agreed. A Precept of £30175 was set and requested. Again I just mention that a copy should be attached to the minutes of the January meeting. Quarterly budget reports are now being regularly monitored by the Council, and I am advised by the clerk that other than the investment in COIF for the recreation ground and the CIL monies there do not appear to be any other earmarked reserves, I did suggest again last year that the clerk should liaise with one or more councillors to prepare and present to the full council a detailed reserves policy. I would suggest that a reserves policy is formally adopted during the coming financial year.

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

All income has been received, is properly recorded and promptly banked where applicable. The recorded precept agrees to the Council Tax authority's notification. The council does not deal in cash or near cash items. VAT has been properly accounted for and a claim for the 12 months to 31<sup>st</sup> March 2024 amounting to £3266.17 was made in April 2024. The repayment was received on the 15<sup>th</sup> May 2024.

**F. The smaller authority does not operate a petty cash system.**

**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.**

The clerk has a Contract of Employment, which is based on the NALC model. Having checked a sample of the salary records, I am satisfied that salaries to the Clerk and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements do now apply as the clerk's salary is above the relevant thresholds for PAYE, NI and pensions. No allowances to councillors were made during the year.

**H. Asset and investment registers were complete and accurate and properly maintained.**

The council has an Asset register which is complete and accurate and properly maintained. The insurance values of the assets was discussed at the June 2025 meeting under minute 24/80 when it was agreed that the clerk would enquire about increasing streetlight damage cover. The council does not have an investment register as the investment which it has with the CCLA as COIF is a short term investment as it can withdraw the units with a fortnight's notice and the External Auditors have declared that it is a short term investment and therefore it is not classed as an investment needing to go in an investment register. For the year in question, i.e. 2024-25, the value of the units fell, resulting in a shortfall of £2476.97. This has to be shown in the Bank Reconciliation and on the Statement of variances. Equally if the value of the shares rises in 2025-26 that increase has to also be shown.

**I. Periodic bank account reconciliations were properly carried out during the year.**

Monthly reconciliations have been carried out, as has a final year end reconciliation. These have been duly presented to the Councillors, and accepted by them.

**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.**

Accounting statements have been prepared on the correct accounting basis (Receipts and Payments). The accounts are supported by an audit trail. At the year-end there are no unexplained balancing entries in the reconciliation. The value of the short term investment is separate, and the shortfall on the investment has been shown in the accounts. At the year end, there is an original bank statement and a reconciliation has been done and a statement has been received from CCLA.

**K. 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.**

The authority did not certify itself as exempt from a limited assurance review in 2023/24 as it does not meet the exemption criteria. This item was therefore not covered.

**L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with any relevant legislation.**

The authority did publish the required information on a website/webpage up to date at the time of the internal audit in accordance with any relevant legislation.

**M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations. (during the 2024-25 AGAR period, were public rights in relation to the 2023-24 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).**

This exercise was correctly provided for and the exercise was placed on the council's website. However again I would mention that it would be prudent in future to minute this not only when it is going to take place, but also to minute when it took place, after the event.

**N. The authority has complied with the publication requirements for 2023/24 AGAR. (see AGAR Page 1 Guidance Notes).**

The authority has complied with the publication requirements.

**O. Trust Funds (including charitable) – The council met its responsibilities as a trustee.**

The Council does not have any trust funds.

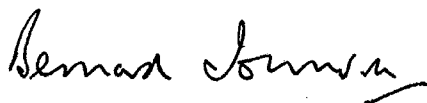
**Conclusion.**

I have marked all the categories on the internal audit form as conforming to the required standard on the basis that under risk management there is little, or no risk attached to the council from any of the comments I have made.

The bold headings above are from my internal audit report and they, together with the points upon which I have commented in my report, should provide the basis on which the council's own internal controls are set. I have been unable to find a copy of a checklist regarding internal control to enable the council to fulfil its role with regard to those internal controls and which Cllr. Rees continues to undertake so well.

This brings me to the duties of your Clerk and RFO, and from my internal audit testing there is no evidence of any irregularities, and I would like to thank the Clerk for the very professional way she has produced the records and vouchers for this internal Audit.

Yours faithfully



Bernard Townson  
Internal Auditor  
17<sup>th</sup> June 2025