

Internal Audit Report

to be read in conjunction with the Annual Internal Audit Report in the
Annual Governance and Accountability Return 2024 - 2025

Name of Authority:	Twycross Parish Council		
Name of Internal Auditor:	Joanne Lowe	Year ending:	31 March 2025
Date audit carried out:	15/5/25, 17/5/25, 19/5/25	Date of report:	19/05/2025

Internal audit is the periodic independent review of an authority's internal controls. This should result in an assurance report designed to improve the effectiveness and efficiency of the activities and operating procedures under the council's control. Managing the authority's internal controls should be a day-to-day function through its staff and management and not left for internal audit. It would be incorrect to view internal audit as the detailed inspection of all records and transactions of an authority to detect error or fraud. This report is based on the evidence made available to me and consequently the report is limited to those matters set out below.

The proper practices referred to in the [Local Audit and Accountability Act 2014](#) and [Accounts and Audit Regulations 2015](#) are set out in the Smaller Authorities Proper Practices Panel (SAPPP) *Practitioners Guide*. This is a guide to the accounting practices to be followed by local councils which sets out the appropriate standard of financial reporting to be followed.

- Para 4.11 of the *Practitioners' Guide* asserts that the independence of the appointed person or firm should be reviewed every year.
- Para 4.16 requires that authorities should carry out a review of the effectiveness of their overall internal audit arrangements, at least once each year.
- Para 5.103 specifies that the authority should take appropriate action on all matters raised in reports from internal and external audit and to respond to matters brought to its attention by internal and external audit.

This report is addressed to the Chair of Council or Parish Meeting for circulation to all members. It must be considered in a meeting of the full council or parish meeting.

The council is required to take appropriate action on all matters raised in reports from internal and external audit and to respond to matters brought to its attention by internal and external audit. Failure to take appropriate action may lead to a qualified audit opinion.



To the Chair of the Council:

I have carried out the Internal Audit of the Council for the year just ended via Zoom. I would like to thank Kate Steadman, the Clerk, for all her help in making available all the documents that I required both before and during the audit.

Reports from the Internal and External Auditors for Financial Year 2023-2024

Internal Audit

Comment or recommendation from internal auditor 2023-2024	Comment from internal auditor for this report
<i>Financial Regulations (4.8) require at least quarterly budget monitoring.</i>	<i>Not addressed. A budget review document was prepared in December by the Clerk, although it does not appear to have been presented to Council in the minutes. This recommendation remains in place.</i>
<i>Councillors to get gov.uk email addresses as well as the recommendation that gov.uk emails are used for the Clerk as well as a gov.uk domain for the Council's website itself.</i>	<i>This is now a requirement of the 'proper practices' referred to in The Accounts & Audit Regs 2015 (see Practitioners' Guide 2015 para 1.4). This has not been addressed. This recommendation remains in place.</i>
<i>It was recommended that the Council consider adding cyber security cover to the insurance schedule.</i>	<i>Not addressed. The Clerk forwarded the Council's insurance policy for 24-25 to the Internal Auditor but it did not include cyber security. This recommendation remains in place.</i>

External Audit

Comment or recommendation from external auditor 2023-2024	Comment from internal auditor for this report
<i>On the Notice of Public Rights 22-23, the published notice did not include the manner in which notice should be given to inspect the accounts. Details of the Clerk was left blank.</i>	<i>Care needs to be taken when completing the Notice of Public Rights so that the public can exercise their rights. Assertion M on the AIAR will be marked as "No"</i>



Explanation of variances was not initially provided to the external auditor.	<i>Explanation of variances and breakdown of reserves held has been forwarded to the Internal Auditor for 24-25.</i>
The Internal Auditor signed off the Annual Internal Audit Report 23-24 after the Governance Statement was approved by Council.	<i>The Clerk signed the AIAR and submitted it as part of the AGAR for 24-25 rather than use the signed AIAR from the LRALC internal auditor that had been appointed by the Council.</i>

Recommendations from the Internal Auditor for Financial Year 2024-2025

1. While a budget review document was prepared by the Clerk in December 24 and sent to the Internal Auditor for review, there is no evidence that this document was formally presented to or minuted by the Council. Despite recommendations from last year's internal audit, there continues to be an absence of budget monitoring throughout the year. This approach does not comply with the Council's adopted Financial Regulations, specifically Regulation 4.8. **The Council should implement budget monitoring at least every quarter, in line with Financial Regulation 4.8. This should include the preparation of quarterly budget monitoring reports by the Clerk showing actual expenditure and income to date compared to the approved budget and the formal recording of the review and any actions arising within the Council minutes.**
2. The 2024 Practitioners' Guide now requires councils to use generic email addresses e.g. gov.uk email addresses for Councillors, the Clerk, and the Council's website domain. Guidance outlines the benefits of enhanced security and professionalism. It is noted that Gmail addresses are currently in use. **The Council should transition to gov.uk email addresses for Councillors and the Clerk, and adopt a gov.uk domain for its website, in line with best practice set out in the Practitioners' Guide.**
3. The Council continues to not include Cyber security cover in their insurance policy to protect in the event of a hack or similar threat to the computer systems. **The Council should consider adding cyber security to their insurance policy.**
4. The Internal Auditor noted that the Clerk completed and signed the AIAR section of the AGAR 23-24 and the council approved sections 1 and 2 at a meeting on 09 May 2024, prior to the appointed independent Internal Auditor completing and signing the AIAR, several days later. The Internal Auditor also confirmed that a narrative report with findings and recommendations had been issued, but the Clerk disputed receipt, resulting in the report not being shared with the Council or its recommendations being reviewed or acted upon. The 23-24 AGAR is not displayed on the website although it was noted that the council correctly followed the AGAR procedure in respect of the 22-23 AIAR (currently displayed on the website). **The AIAR section of the AGAR must only be signed by the appointed internal auditor. The Clerk must not sign this section under any circumstances. The full narrative internal audit report for 24-25**



must be formally presented to the Council upon receipt, and all recommendations should be recorded, monitored, and actioned during the following financial year.

5. The audit found a lack of continuity in the financial reporting to the Council, particularly for transactions made between meetings. It is unclear how these are communicated or approved, and minutes lack sufficient evidence that all payments have been properly reported and authorised. **The Council should establish a clear process to ensure all financial transactions, including those made under delegated authority, are fully reported at the next meeting, with payments clearly listed (e.g. date, payee, amount, purpose, budget line) and formally approved and recorded in the minutes in line with Financial Regulations.**
6. The clerk submitted the 24-25 AGAR to the Internal Auditor who again noted that the AIAR had already been completed and signed; sections 1 and 2 had also already been approved by the council on 08 May 2025. Furthermore, the Internal Auditor noted that the Clerk has been using reconciled bank figures rather than actual cash book balances when completing the Accounting Statement on the AGAR. This has resulted in incorrect figures being reported in Box 1 and Box 7 for 24-25. Consequently, Boxes 7 and 8 from the previous year were also carried forward incorrectly. During the audit when these errors were pointed out, the Clerk amended figures in Box 4 and 6 for 24-25 rather than correct Box 1, increasing the likelihood of further errors throughout the return. The AGAR now requires restated figures, along with supporting notes to explain any discrepancies and ensure transparency. **The Clerk must ensure that all AGAR figures are based solely on the cash book balances and not on reconciled bank figures that include unrepresented items. The 24-25 Accounting Statement should be corrected with accurate figures for Boxes 1 to 8, with restated figures clearly identified and initialled by the Chair. Supporting notes must be provided to explain any adjustments or discrepancies, the Council should formally minute that they have reviewed and approved the restated figures on the AGAR prior to submission to the External Auditors.**
7. Several Parish Council minutes lacked clarity due to excessive wording and the use of incorrect terminology. Formal phrases such as “the Council resolved” are not used, which may undermine the clarity and legal standing of council decisions. **The Council should standardise agenda wording by using clear, concise wording and the correct use of formal terms such as “The Council resolved to” to improve clarity and ensure proper recording of decisions in meeting minutes.**
8. Council policies are reviewed annually in March however outdated versions of the Standing Orders and Financial Regulations remain in use, in this case versions from 2018. Under the Local Government Act 1972 and the Accounts and Audit Regulations 2015, it is essential that councils maintain up-to-date governance documents to ensure compliance and proper financial management **The Council should formally resolve to adopt the latest versions of Standing Orders and Financial Regulations issued by NALC to comply with legislative requirements and best practice guidance.**



9. Currently, playground inspections are conducted only annually, which is not sufficient enough to promptly identify and address any safety hazards. Whilst acknowledging that the play area is located in a low-use part of the parish, best practice guidance from RoSPA recommends more frequent formal inspections. Additionally, inspection reports should be properly documented and retained to demonstrate ongoing safety management. ***The Council should implement monthly inspections of the play area and ensure that detailed inspection reports are completed and securely retained to demonstrate effective oversight and compliance with safety standards.***



Areas in the 2024-2025 AGAR Annual Internal Audit Report for which Yes or N/A cannot be ticked

	Reason
A – No	Financial records were not properly maintained throughout the year and were not published on the Council's website as required by Regulation 15(2)(b) of the Accounts and Audit Regulations 2015.
B – No	Financial Regulation 4.8 requires quarterly budget monitoring but this was not carried out by Council. There was no clear evidence of formal approval for Council expenditure between meetings with gaps in financial reporting in the minutes. The majority of the Council's minutes were absent from the Council's website during the period in which the internal audit was undertaken.
C - Yes	
D - No	Financial Regulation 4.8 requires quarterly budget monitoring but this was not carried out by Council. Budget information was absent from the Council's website during the period in which the internal audit was undertaken.
E - No	There were gaps in financial reporting and the documents are incomplete and insufficient to confirm all expected income was properly accounted for during 24-25. The majority of the Council's minutes and financial information were absent from the Council's website during the period in which the internal audit was undertaken.
F – N/A	No petty cash
G - No	Salaries have not been consistently reported to or approved by the Council in the minutes. The majority of the Council's minutes and financial information were absent from the Council's website during the period in which the internal audit was undertaken.
H - Yes	
I - No	The authority did not publish its bank reconciliation statements and records on the website as required by the Accounts and Audit Regulations 2015.
J – No	The authority did not publish its accounting statements and records on the website as required by the Accounts and Audit Regulations 2015.
K – N/A	
L - No	The authority did not publish the required financial information on its website at the time of the internal audit as required by the Accounts and Audit Regulations 2015.
M - No	The council's published Notice of Public Rights for the year did not include details on how the public could request to inspect the accounts, as required by Regulation 15(2)(b) of the Accounts and Audit Regulations 2015
N – No	The authority did not meet the publication requirements set out in the Accounts and Audit Regulations 2015 and the Transparency Code for Smaller Authorities as the Annual Internal Audit Report was completed by the Clerk rather than the appointed internal auditor, which breaches proper practice. As a result, the AGAR as published did not meet the necessary assurance standards.
O – N/A	

Section 2 - Accounting Statements 2024/25

	Year ending 31 March 2024	Year ending 31 March 2025 (Version approved by Council on 8/5/24 & submitted to IA for review)	Year ending 31 March 2025 (Amended Version following guidance from IA)
1. Balances brought forward	17280	13544	13544
2. Annual precept	24355	26950	26950
3. Total other receipts	6312	3365	3365
4. Staff costs	8511	8997	8111
5. Loan interest/capital repayments	344	344	344
6. Total other payments	25548	16959	16932
7. Balances carried forward	13544	17559	18472
8. Total cash and investments	13544	17559	18472
9. Total fixed assets and long-term assets	54917	54917	54917
10. Total borrowings	2529	2235	2235

Yours sincerely,

Mrs Joanne Lowe
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