HERTFORDSHIRE IAS

Internal Audit Report

(To be read in conjunction with the Annual Internal Audit Report in the Annual Governance and Accountability Return)

Name of council:	Northaw & Cuffley Parish Council		
Name of Internal Auditor:	Peter Evans	Date of report:	7/6/2025
Year ending:	31 March 2025	Date audit carried out:	Initial visit 4/6/25

Internal audit is the periodic independent review of a council's internal controls resulting in an assurance report designed to improve the effectiveness and efficiency of the activities and operating procedures under the council's control. Managing the council's internal controls should be a day-to-day function of the council 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 a council in order 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 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 Chairman of the Council:

This audit was carried out by viewing documents on the council's website covering the financial year 2024/25. Unfortunately, the Clerk Lisa Peters was very unwell thus delaying the audit, but I am grateful to Sally Griffiths for all her help prior to the audit and during my visit to the Council offices on 4th June 2025.

I have completed the 2024/25 Annual Internal Audit Report and have completed as yes boxes A, E, D, G, H, I, J, L, M, N & O.

I have completed as 'No' the following boxes

Box 'B' as the council have not complied with their financial regulations.

Box 'C' as the council have not assessed the financial risks in 2024/25.

I have stated as not covered' box 'F' as the council do not operate a petty cash account, and box 'K' as the council income/expenditure is above the exemption limit for a limited assurance audit.

My comments are below.

A. Appropriate accounting records have been kept throughout the Year.	**YES/NO**

The council use the RIALTAS system for accounting. Periodic bank reconciliations were seen up to last quarter, where, although completed these were not signed by a Cllr to evidence check.

B. The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.	**YES/NO**

The Financial Regulations were reviewed in 2024. Checks were made that payments and income shown on accounts were crossed checked to actual invoices etc for April, September and December 2024.

The Council need to be careful that they follow the regulations they have signed up to.

1. In July 2024 the council appointed Groundwork East to carry out some consultation work for a proposed new recreation ground. The estimate in the papers is for £32,000 which is above the threshold noted in 5.7 of the Financial Regulations which refer to any contract above £30,000 including VAT being advertised as per current legislation, which means it should be advertised on the Government Procurement website.
2. There is a payment of £2,730 to Maydencroft (invoice 268) there is no evidence that three estimate were obtained as per 5.9 of Financial Regulations.

VAT was correctly recorded and claimed.

C. The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	**YES/NO**

There is financial risk assessment on file, but this was last reviewed in March 2024.

Action: Council to review the financial risk assessment in 2025/26.

D. The Precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored; and reserves are appropriate.	**YES/NO**

It is noted that the council has considered the budget and precept in November 2024, but this was subject to confirmation of the tax base. In the report to the council from the RFO to the council meeting in January, it mentions using the reserves and why not to use them and a precept recommendation is made. However, the consideration of the reserves after setting the budget is not minuted.

Action

a) **In 2026/27 the council minutes the budget set, the fact that use of the reserves was considered before setting the precept figure for 2026/27.**

E. Expected income was fully received based on correct prices, properly recorded, and promptly banked; and VAT appropriately accounted for.	**YES/NO** (Precept income)

F. Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for.	**YES/NO/NA**

It is noted that the council now has a credit card whish should avoid staff purchasing items from their own funds and claim this back.

G. Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.	**YES/NO/NA**

H. Asset and investment registers were complete and accurate and properly maintained.	**YES/NO**

The Council last reviewed its investment policy in 2025. It is noted that the Council did look to invest in Chase Manhattan Bank which was turned down. There are limited banks etc who will accept funds from councils, so the council should allow the clerk to ask SLCC or NALC members for alternatives, many councils do invest in CCLA or Close Brothers for this reason.

I. Periodic bank reconciliations were carried out throughout the year.	**YES/NO**

J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.	**YES/NO**

K. If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt.	**YES/NO /N/A**

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	**YES/NO.**

The Transparency Code also states that the website should have a list of councillors, their responsibilities, contact address and Register of Interests.

With regards to the 'Register of Interests' this is the responsibility of the Monitoring Officer based in this case at Welwyn Hatfield Borough Council. Most Town & Parish Councils therefore just provide a link to the paperwork held by the Monitoring Officer as it this person's responsibility to ensure they are up to date and any agreed 'redacted 'information is shown.

Northaw & Cuffley do not appear to follow this action, which has resulted in a number of different forms on the website. As there were elections in 2023 it would be an idea to update these at that time.

Action—

a) **That Northaw & Cuffley work with the monitoring officer at WHDC to ensure all forms are up to date and comply at least with the Model Code of Conduct adopted in 2020.**
b) **The Publication Scheme will need updating to the ICO Version 4**

M. The authority has, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit regulations.	**YES/NO**

N. The authority complied with the publication requirements for the prior year AGAR.	**YES/NO**

O. Trust funds (including charitable) - the Council has met its responsibilities as a trustee.	**YES/NO/NA**

Yours sincerely [redacted]

Peter Evans PSLCC, Internal Auditor to the Council

The figures submitted in the Annual Governance and Accountability Return are:

	Year ending 31 March 2024	Year ending 31 March 2024
1. Balances brought forward	454,697	578,797
2. Annual precept	266,490	274,213
3. Total other receipts	191,974	213,977
4. Staff costs	110.892	115,830
5. Loan interest/capital repayments	0	0
6. Total other payments	233,472	234,917
7. Balances carried forward	578,797	716,240
8. Total cash and investments	549,314	698,814
9. Total fixed assets and long-term assets	1.165,638	1,180,118
10. Total borrowings	0	0

The proper practices referred to in Accounts and Audit Regulations are set out in *Governance and Accountability for Smaller Authorities in England (2022)*. It is a guide to the accounting practices to be followed by local councils, and it sets out the appropriate standard of financial reporting to be followed. A copy of the guide is available for free download from: