

REPORT BY INTERNAL AUDITOR

ANNUAL AUDIT 2024/25 AND OTHER MANAGEMENT MATTERS

WALLINGTON DEMESNE PARISH COUNCIL

BACKGROUND TO REPORT

Rather than repeat my detailed background to this Report I would recommend Councillors to refer to my comments as set out in my introduction to the Annual Audit Report for 2023/24 dated 30th April 2024.

For smaller Councils, where the higher of gross income or gross expenditure was £25,000 or less, that meet the qualifying criteria, can claim Exemption from a limited assurance review. In which case no external audit will be required but nevertheless a report from an independent Internal Auditor should still be commissioned to complete the relevant AGAR Form.

I have been advised the Council will make such a decision to Claim Exemption at its Annual Meeting to be held on 19th May 2025

CARRYING OUT THE AUDIT

I discussed the audit with the Clerk by email and SKYPE at various times during the period 24th April and 7th May 2025.

As the discussions took place over the internet I could not examine all relevant documents at first hand so my findings are based on a series of random selections.

Before turning to my review of the outgoing year a quick recap of the issues identified in my Audit for 2023/24.

MATTERS REQUIRING ATTENTION

- a) To show the split between the net amount paid and vat when reporting any payments to the Council.
- b) To show the power under which any grant has been made.
- c) To check that all minute pages have been signed by the Chairman.

Comment

I noted that the Council responded to the matters as follows at its Meeting held on 20th May 2024. Minute No 2024/61/01 refers:-

- a) Recommendation accepted.

I have noted that whilst this recommendation has been followed the vat on the invoice received from Spanglefish was incorrectly shown at £30 in the Minutes rather than the correct amount of £18.

I understand that the correct amount has been used in the audit calculations.

- b) Recommendation accepted

However I have noted that the powers used for at least 2 grants awarded during 2024/25 were not quoted in the Minutes eg

(i) Grant to Wag & Company North East Friendship Dogs
The Council resolved at its Meeting held on 25th November 2024 to donate £50.
Minute No 2024/118/03 refers

(ii) Grant to Great North Air Ambulance
The Council resolved at its Meeting held on 27th January 2025 to donate £200.
Minute No 2024/08/04 refers

c) Recommendation accepted.

However I have noted that the Chairman has not always signed each page but alternative pages only. This needs to be corrected in future.

Now turning to the Budget for the previously agreed Budget for 2024/25

BUDGET 2024/25

The out-turn figures for both receipts and payments were both within reasonable parameters of the original budget adopted by the Council at its Meeting held on 21st November 2023 excepting for 2 payments (Burial Ground and Interactive Signage) and 3 receipts (Burial Ground, Interactive Signage and Bank Interest) as follows:-

PAYMENTS

Burial Ground

I understand that the Council incurred significant expenditure in dealing with unsafe headstones

Interactive Signage

A new project for the Council with considerable costs involved but with some grants being received

RECEIPTS

Burial Ground

Increase in the number of anticipated burials for 2024/25

Interactive Signage

A new project for the Council with considerable costs involved but with some grants being received

Bank Interest

Given the level of its reserves the Council decided to transfer funds from its Current Account to a savings account also with Lloyds Bank.

No doubt the Clerk will set out details of any other material variances when submitting the annual audit return to the External Auditor.

Receipts

Other than the Precept, the other receipts received by the Council during 2024/25 were for Burial Plot fees, Rent (football pitch) and Bank Interest.

VAT

I noted that vat for £169.92 paid out by the Council in 2023/24 was recovered from HMRC in early 2024/25 and that the £48.00 vat paid by the Council in 2024/25 would be recovered by the Council in early 2025/26.

PAYMENTS

Invoices

From the random selection made all invoices received appear to have been referred to the Council for approval and were in keeping with a previous authority to incur such expenditure.

Donations

I noted that two grants had been made by the Council during 2024/25. It would be helpful to any auditor for the relevant minute to indicate the power under which any grant had been.

END OF YEAR BALANCES

The balances to be carried forward 2025/26 are £9264.59 compared with £12,105.32 for the year 2024/25.

The balances equate to slightly more than the projected 12 months running costs for the Council during 2025/26 which includes a draft budget of £5,000 on interactive signage. See further details below on this scheme.

External audit guidelines for balances are usually under 12 months running costs unless major works etc are proposed (which appears to be the case here) or if there is an element of ring fencing, or carrying over, involved.

I understand that the Council are looking into interactive signage for the parish.

WORKS UNDERTAKEN DURING 2024/25

I noted that one quotation had been obtained (being for works of a specialist nature) for repairs to 5 headstones at the Cambo Burial Ground carried out by Elsdon Memorials at a charge of £900.

Council Meeting 22nd July 2024 Minute No 2024/84 refers.

LONG TERM PLANS

As mentioned above, I understand that the Council contributed towards an interactive speed signage scheme which was installed by Northumberland County Council in September 2024, with a contribution of £1638 by the Parish Council, and a draft budget of £5000 has been included in the budget for 2025/26.

GENERAL MANAGEMENT MATTERS

PAYE

I understand that the Clerk's salary is subject to PAYE and administered via the HMRC Basic Pay Tools database.

EXPENDITURE GREATER THAN £100

These can be found in the Council's minutes.

INSURANCE

Policy

The Council's existing policy with Clear Councils comes to an end shortly and I understand that the Clerk is currently obtaining quotations from other potential Insurers.

The Fidelity Guarantee Cover

I understand that the Fidelity Guarantee Cover is £50000 which is more than adequate for the Council's purposes.

Claims

I understand that there were no insurance claims made by or against the Council in 2024/25.

CLERK'S SALARY AND TERMS AND CONDITIONS

I understand that the Clerk's terms and conditions have been reviewed and her salary adjusted in accordance with the NALC pay settlement for Local Authority Employees @ £1 an hour with effect from April 2024.

TENDERS/QUOTATIONS

I understand that a quotation had been sought during 2024/2025 – see under **WORKS UNDERTAKEN DURING 2024/25** on page 3 of this Report.

BANKING ARRANGEMENTS

I understand that the Council banks with Lloyds and that a monthly charge of around £4.25 for its current account although the amount can change depending on the balance in the account.

I noted that a new savings account has now been opened with Lloyds generating £96.65 of interest in 2024/25.

PETTY CASH

I was advised that no Petty Cash is held.

OTHER MATTERS

MINUTES

As mentioned under Recommendation c) on Page 2 not all pages have been signed by the Chairman. This needs to be addressed in future.

POLICY STATEMENTS

Review of internal Controls

Resolved at its Meeting held on 24th March 2025 that:-

- a) The current internal controls were adequate
- b) Payments to HMRC should continue to be made via Direct Debit

Minutes No 2025/39

Review of Standing Orders

To approve amendment to Standing Order No 5.5.2 (cheque signatories)

Approved at its Meeting on 24th March 2025

Minute No 2025/40 refers

Review of Risk Assessment

Reviewed at the Meeting held on 24th March 2025 that the existing Risk Assessment was adequate.

Minute No 2025/41 refers.

Asset Register

Resolved a true record at a Meeting held on 24th March 2025.

Minute No 2025/42 refers.

Review of Insurance Policy

Reviewed at its Meeting held on 24th March 2025 with the Clerk advising on the current cover with a check to be made on whether the interactive speed signage would be included and clarification on a damaged internal bus shelter window.

Minute No 2025/43 refers.

Code of Conduct

I understand that the Council has adopted the NALC Code of Conduct 2011

A NOTE ON THE 2025/26 BUDGET /PRECEPT PROCESS

Budget/Precept for 2025/26

It was noted that the Clerk had presented reports on both the budget and precept requirements for 2025/26 were approved at its Meeting held on 27th January 2025

Minute Nos (a) 2025/08/02 and 2025/08/03 refer.

Members approved the precept for 2025-2026, to be retained at the current level of £3,500.

For comparison purposes the Council Tax Base and Council Tax Band D amounts for 2024/25 and 2025/26 are as follows:-

2024/25

The Precept was agreed at £3,500

Resulting in a Band D figure of £22.94

2025/26

The Precept was agreed at £3,500

Resulting in a Band D figure of £21.86 (a decrease of just under 5%)

OTHER MATTERS NOTED DURING THE AUDIT

THE UNDERLEASE TO WALLINGTON FC

As highlighted in my Report for the year ending 2023/24 I noted that the Council has a lease on a football pitch with the National Trust with an underlease to Wallington FC which is subject to a rent review every 5 years.

Whilst it is not in my remit to become involved in any negotiations with either the Trust, nor the Football Club, it appears that the Council is paying more in rent than is being received from the Club. In addition the Council has paid for the legal and other costs in setting up the original lease/licence to underlease and the eventual underlease to the Football Club.

If the opportunity arises the Council might wish to consider the option of the Football Club taking a lease directly from the National Trust rather than acting as an intermediary. There may of course be a good reason why the Council entered into the current arrangements that it has with Trust and the Club.

If the Council wishes to continue to let the land to the Football Club, at a discount, then I would recommended that this is best handled by the Council charging the rent paid to the National Trust back to the Club but then making a donation/grant to reduce the notional rent to the Club for £100 pa. The Clerk could advise on the mechanism to do this and include a minute stating the power under which such a donation/grant can be made.

These comments assume that the rent from the National Trust for the field will remain at or around £150 pa.

BURIAL GROUND CHARGES

It appears that the Charges have remained the same for almost 8 years. Given the level of inflation during this period the Council needs to keep the charges under constant review.

MATTERS REQUIRING ATTENTION

- a) To show the power under which any grant has been made. This was not always the case in 2024/25
- b) To check that all minute pages have been signed by the Chairman. This was not always the case in 2024/25
- c) To continue to monitor the level of Reserves in light of the Council's continuing healthy balances.
- d) To note my comments re making a grant to the Wallington Football Club to address any

shortfall in the rent paid to the National and recovered in part from the underlease granted by the Council to the Club.

THE RESPONSE TO THE AUDIT FOR 2023/24

Following a detailed discussion with the Clerk, and having reviewed a range of documents and other records, I came to the conclusion that I could respond **YES or NOT COVERED** where appropriate to each of the objectives identified by the external Auditor.

Box K

I have ticked YES against objective K as the Council certified itself as exempt from a limited assurance review for the 2022/23 audit as its turnover is below £25,000.

As to Box L

I have ticked the YES box against objective L as to whether the council does, or does not, certify itself as exempt from a limited assurance. It does however still comply with all the requirements of the code and I have been advised that all the relevant information is available on the council's website.

I have carried out a random check on the Council's website and found that the information was available.

QUALIFICATIONS ON THE AUDIT

My report is based on a limited review of the Council's accounts and is not a full audit and should not be taken as approving the Council's accounts 2024/25.

The purpose of this report is to be satisfied that the Council has adequate systems in place to meet the numerous control objectives sought by the External Auditor and to recommend possible improvements to the Council's existing systems.

M. G. Ackroyd
Internal Auditor

7th May 2025