

Braunton Parish Council

Financial Year 2025-26

Visit 1 Internal Audit Observations

Date considered by Council _____

Minute Reference _____



IAC Audit and Consultancy Ltd

Audit date: 1 October 2025

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

B

| No. | Audit Test | Response | Observation | Recommendation | Priority | Comments |
|-----|--|----------|---|--|----------|----------|
| 1 | Does the Council use the NALC model Standing Orders? | No | <i>The Council does not use the NALC model Standing Orders. This can make it difficult to ensure that Standing Orders are regularly updated and comply with relevant legislation.</i> | The Council to consider adopting the NALC model Standing Orders. | Medium | |
| 2 | Have invoices been approved as required under Council Financial Regulations? (paragraph 5.3 of the NALC Model Financial Regulations) | Yes | <i>It was noted that payments are approved using a Purchase Invoice Listing Report which is based on the invoice date. The dates on invoices received after the Council approval date are changed in order that they will appear on the report for the next meeting. This means that the VAT tax point on these invoices are not correct.</i> | <p>The Council to ensure that invoices are recorded in the accounting systems with the correct VAT 'tax point' date.</p> <p>The Council should consider using the Aged Creditor listing to monitor and authorise payments instead of the invoice listing - This will require some work to tidy up the creditors ledger by allocating outstanding amounts against invoices and reviewing, and probably writing off some old balances.</p> | Medium | |
| 3 | Council has in a place a process to regularly check and agree supplier statements of account | No | <i>The Council does not have in place a procedure to review and reconcile supplier statements of account. There are a number of old entries outstanding on the creditors ledger.</i> | The Council to undertake a detailed review of the creditors ledger. As part of this review the Council to verify whether amounts recorded as outstanding are, in fact, payable. | Medium | |

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

| No. | Audit Test | Response | Observation | Recommendation | Priority | Comments |
|-----|--|----------|--|---|----------|----------|
| 1 | The Council, as a body, has undertaken a formal review of risk (this cannot be delegated to sub-committee) - Interim Audit | No | <i>As at the date of the Interim Audit the Council had not formally Minuted a review of Risk</i> | The review of Risk is a key requirement of both the Annual Governance Statement and the Annual Internal Audit Report. The Council MUST ensure that it Minutes a formal review of Risk prior to the end of the financial year. | Advisory | |

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

| No. | Audit Test | Response | Observation | Recommendation | Priority | Comments |
|-----|---|----------|--|---|----------|----------|
| 1 | When preparing the budget, and subsequent precept demand, did the Council specifically consider the level of its General Reserve and whether the level of the General Reserve was adequate and not excessive? | No | <i>The Council did not formally consider the level its General Reserve when setting the budget and precept for the year. (Any excess of Reserves should result in a reduction of the precept and a deficiency of Reserves should result in an increase of the precept)</i> | When setting the budget the Council should specifically consider the level of its General Reserve. The Council should set the level of its General Reserve in line with the guidance set out in the Practitioner's Guide paragraphs 5.33 - 5.35 (in particular paragraph 5.35). | High | |
| 2 | Reserves have been subject to review by Council as part of the budget setting process (S42A Local Government Finance Act 1992). | No | <i>From a review of Minutes it was not possible to verify that the Council had undertaken a review of its Reserves during the year.</i> | On an annual basis, as part of the budget setting process, the Council should conduct a review of its Reserves to ensure that their purpose is identified and that they are adequate and not excessive. | Medium | |
| 3 | Level of Reserves were appropriate, their purpose is identified | No | <i>It was not possible to verify that the Councils reserves are appropriate and their purpose clearly identified.</i> | The Council should formally review its reserves, both the General Reserves and Earmarked Reserves, and ensure that the purpose of each reserve is defined and the amount held in each reserve is adequate and not excessive. | Medium | |

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|---|---|----|--|---|--------|--|
| 4 | Council has reviewed independence of the Internal Auditor | No | <i>The Council has not formally reviewed and confirmed the independence of the Internal Auditor, Paragraph 4.11 of The Practitioner's Guide states "...the independence of the appointed person or firm should be reviewed every year with regard to; personal independence, financial independence, and professional independence."</i> | The Council should consider formally reviewing the independence of the internal auditor each year. This could be reviewed and Minuted at the same time as the annual internal audit report is received and considered by Council. | Medium | |
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Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.

E

| No. | Audit Test | Response | Observation | Recommendation | Priority | Comments |
|-----|--|----------|--|--|----------|----------|
| 1 | Is income due on investments subject to regular check and verification? (Is investment performance regularly reported to Council?) | No | <i>It was noted that the Council is earning a very low rate of interest on its bank deposits.</i> | <p>The Council to note that it is receiving relatively low rates of interest compared to the rates of interest being obtained by other similar Councils.</p> <p>The Council to review the rates of interest it is obtaining and consider whether these can be improved , subject to the requirements of the Councils Investment Policy.</p> | Medium | |
| 2 | There is evidence of tracking of amounts due and follow up of any delayed or delinquent amounts | Yes | <p><i>It was noted that there was a difference of £653 on the NDCC Car Park Account, this appears to be longstanding. During the audit visit a credit note was raised by the Clerk to reconcile the account. An amount of £500 incorrectly received and due to a different parish council was also recoded to a separate debtor account.</i></p> <p><i>It was also noted that a number of old balances remain on the debtors ledger. It is unclear when the Council last formally reviewed the outstanding debts</i></p> | <p>Council to formally note and approve the Credit Note of raised to clear the NDCC car park income account.</p> <p>The Council, or nominated Committee, should put in place a process for the regular review of outstanding debts. The Council to specifically review the old outstanding debts and verify whether these are still recoverable.</p> | High | |

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

| No. | Audit Test | Response | Observation | Recommendation | Priority | Comments |
|-----|--|----------|--|--|----------|----------|
| 1 | Bank reconciliations, and supporting bank statements, have been signed and dated as evidence of independent review (Interim) | No | <i>It was noted that the bank reconciliation prepared as at 30th June 2025 did not agree to the supporting bank statements (although the bank statements had been checked and initialled). It appears that this was due to the bank reconciliation being reconciled to a current Trial Balance and not the balance as of 30th June 2025.</i> | When preparing the balance reconciliation the Trial Balance should be run to the end of the relevant month. The reconciliation should be checked and verified to this trial balance and the bank statements. | Medium | |

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.

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|-----|--|----------|--|---|----------|----------|
| 1 | The Council has complied with the publication requirements of the ICO Model Publication Scheme for Parish Councils. (This includes a requirement to publish the Annual Internal Audit Report). | No | <i>The Council has adopted a Publication Scheme, but this is not the Model Publication Scheme as published on the ICO Website (a copy of this has been provided to the Clerk).</i> | <p>The Council should note the legal requirements to publish information in accordance with the ICO Model Publication Scheme (version 3).</p> <p>Although this is not a requirement under the Accounts and Audit Regulations 2015, the Council should note that it is a statutory requirement under the Freedom of Information Act.</p> | Advisory | |