



Dowsby Parish Council  
c/o Cllr. Christopher Chambers (Chairman),  
16 Fen Road  
Dowsby  
Bourne  
Lincolnshire  
PE10 0TS

11 May 2025

For the Attention of Dowsby Parish Council Chairman and all Members,

**Annual Internal Audit Report for year ended 31 March 2025**

In accordance with my letter of appointment, dated 29 April, and to complete the Annual Governance & Accountability Return (AGAR) Annual Internal Audit Report for 2024/25, I have conducted a selective assessment of Dowsby Parish Council's compliance with the relevant procedures and controls.

My assessment has been carried out in line with the 'proper practices' laid down in the 2024 edition of the Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide, which must be applied by smaller authorities in the financial year ending 31 March 2025 and for the associated AGAR.

This included cross-referencing and reviewing the selected financial transactions, processes and decisions, with the underlying Council approvals, internal controls, and the relevant legislation. My conclusions on whether, in all significant respects, the control objectives were achieved to an adequate standard throughout the financial year will be detailed in the Annual Internal Audit Report on page 4 of the AGAR.

As always, your Clerk/RFO was open and honest, answered any questions and provided the documents promptly and without hesitation. The RFO does maintain clear and organised financial records. However, there are still some key areas of the proper accounting and governance practices ('proper practices'), referred to in statute, that have not been implemented, actioned or reviewed by the Council and RFO during 2024/25. Therefore, once again, I have been unable to respond positively to all of the internal control objectives. These are:

- Objective B. As highlighted in previous internal audit reports, the Council is required to have in place Standing Orders and Financial Regulations governing how it operates. These key documents show the procedures in place for effective financial management, internal control and risk management. They provide evidence, and reassurance to the electorate, that the Council is operating in accordance with the relevant legislation, and that it is effectively safeguarding the public money and resources in its charge. As the Council still does not have these key documents in place, I have once again responded 'No' to this objective.

The Council continues to pay an annual membership to the Lincolnshire Association of Local Councils (LALC). As well as providing support and advice, LALC makes available to its members model templates for all of the key documents required. These templates highlight the Council's statutory responsibilities, include wording for best practice, and can be easily personalised. Addressing this failing needs to be a priority.

The Minutes are a formal record of the decisions (resolutions) made by the Council, and are especially important for those involving the spending of public money. Although the payee and transaction amounts are detailed in the Minutes, there is still no evidence that they were actually approved by the Council and authorised for payment; the Minutes still only state 'Bills for approval' (e.g., at Min Ref: 1099.2 in May 2024; 1110.1 in September; 1121.1 in November; and 1132.1 in February 2025), which is the same for 2023/24 and previous years.

I have noted that the VAT for 2021/22, 2022/23, 2023/24, along with 2024/25, has now been reclaimed, and received. However, based on the receipts and records provided, there is no VAT breakdown on the reimbursed expenses for December (Chq 100424), but a value of £13.00 VAT has been included in the reclaimed funds. The Council needs to be satisfied that any VAT 126 claim accurately reflects the underlying invoices and receipts that detail the amount of VAT paid, before approving the reclaim.

Although the Council agreed to reimburse the Clerk for the expenses incurred under Chq 100424 (at 1131.5), the Council must be satisfied that it is only approving expenditure in has the authority (e.g., a statutory power) to incur.

- Objective C. Once again, there is no evidence in the Minutes, Agendas, or on the website that the Council carried out an assessment or review of any risks to it achieving its objectives during the financial year. There is no risk register that details the regular and ad hoc risks that the Council has considered, nor the measures that it has put in place to manage and mitigate against these; the annual renewal payment of the insurance is not adequate evidence. Therefore, I have again annotated 'No' for this internal control objective.
- Objectives F. I have been informed that the Council does not hold petty cash or a cash float so this objective has been annotated 'Not covered'.
- Objective G. There is still no contract of employment/statement of particulars for the Clerk/RFO. I have noted that the Minutes in September (at 1113.1), November (at 1120.1), and February (at 1131.1), all state that one has been prepared by the Council but, at the time of audit, it has still not been signed off by all parties and put in place. Without this, I am unable to determine if the salary, tax and National Insurance payments are correct, so I have again answered 'No' to this objective.

I have also noted that a salary increase for 2024/25 was retrospectively ratified by the Council in May (at 1099.1), and was the sole reason for the increase in Precept. However, without a contract confirming the number of hours and rate or the NJC scale it relates to, I am also unable to confirm if it meets at least the legal minimum; the budgeted salary total is also exactly the same for 2025/26, so doesn't reflect the 6.7% increase in National Living Wage. The Council should also be aware that it is a criminal offence for employers to not pay someone the National Minimum/Living Wage.

- Objective I. There is still no evidence in the Minutes, on the bank statements, or on the invoices to show that periodic bank reconciliations were independently scrutinised and signed-off by the Council, Chairman, or any delegated member(s) during 2024/25. As this is a key part of internal control and risk management, I have again responded 'No'.

To update the accounts and include the bank account balances in the Minutes, the RFO is obviously looking at the transactions. However, there is no evidence of any periodic or routine reconciliations being carried out to confirm this. The RFO cross-referencing the invoices and bank statements, and then signing and dating the statements to confirm that everything balances, which can then be subsequently countersigned when independently checked by the Council, are simple ways to provide evidence that proper periodic reconciliations have taken place; simply stating the bank balances in the Minutes is not sufficient evidence of periodic reconciliations.

- Objective N. Although the Council has met most of the publication requirements for the 2023/24 AGAR, there are no explanations relating to the Council's 'No' responses to Annual Governance Statements 5, 6 and 7; this additional publication requirement is highlighted on page 5 of the AGAR. Therefore, I have annotated 'No' to this objective.
- Objective O. I have been informed that the Council is not a trustee of any Trust Fund therefore, I have marked this objective as 'Not applicable'.

With regards to the other AGAR sections, supporting documents and records available to me, I have the following comments and opinions:

- Certificate of Exemption. Based on the records provided, both the total annual gross income and expenditure for 2024/25 are below £25,000 therefore, the Council is eligible to certify itself exempt from a limited assurance review.
- S.137 Expenditure. Local councils can only do and spend what they have been given a specific power to do by statute. Section 137(4) (a) of the Local Government Act 1972 (S.137), is the statutory power under which a parish council may incur a limited amount of expenditure for purposes where the council has no other specific statutory power, and where the expenditure will bring community benefit. There is no separate account of that expenditure, showing £0 or otherwise, therefore I am unable to confirm if any such expenditure is appropriate under this power, or if it has exceeded the limit per electorate (£10.81 for 2024/25).

The majority of the issues relating to my 'No' responses to the internal control objectives have been highlighted in previous years, but still not addressed, and I urge the Council to prioritise addressing the issues raised.

Prior to completing the Annual Governance Statements in Section of the 2024/25 AGAR, please remember that the Council must satisfy itself that it has applied the 'proper practices', met the requirements of the latest legislation, and has the evidence to support a 'Yes' answer to each one of the statements. To assist the Council in this, a copy of the 2024 edition of the JPAG Practitioners' Guide can be found on the LALC website ([www.lalc.co.uk/jpag-practitioners-guide](http://www.lalc.co.uk/jpag-practitioners-guide)).

I have completed the AGAR Annual Internal Audit Report for 2024/25 in line with this report, and will forward the signed copy to your Clerk. However, if you, or the Council would like to discuss any of the points raised, please do not hesitate to contact me.

Yours sincerely,

*Original copy signed*

Mrs V M Free

Copy to: Dowsby Council Clerk & RFO