

2024/25 INTERNAL AUDIT REPORT

24 APRIL 2025

1.0 Purpose of the Report

1.1 The purpose of this report is to update council members on the work completed by the Internal Auditor.

1.2 The Internal Auditor undertook an audit of the council's policies and procedures in February, March and April 2025. I liaised with the council's Clerk, Deputy Clerk/Finance Officer and administrative staff during the completion of this audit.

1.3 I would like to thank Horden Parish Council staff for their assistance, professionalism and friendliness shown to me during this audit.

2.0 Background to the report

2.1 The Internal Auditor provides an independent appraisal function which all Smaller Authorities (which covers parish and town councils) must provide to meet the requirements of The Accounts and Audit Regulations 2015.

2.2 An authority is a "Smaller Authority" if the higher of the authorities gross income for the year and its gross expenditure for the year does not exceed £6.5m. The Accounts and Audit Regulations 2015 also refers to these authorities as a Category 2 authority. Horden Parish Council falls into this category.

2.3 The 2015 regulations quoted above require councils to "undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes taking into account public sector internal auditing standards or guidance.

2.4 The Public Sector internal audit standards have not been applied to "smaller authorities"

2.5 The council's guidance on internal audit is contained in the Joint Panel on Accountability and Governance (JPAG) Practitioners Guide 2024. Section 4 of this guide covers Best Practice Guidance for Internal Audit.

3 The Annual Governance and Accountability Return (AGAR)

3.1 The AGAR return has three sections for completion.

- Section 1 - The Annual Governance Statement which covers nine assertions made by the council. The council's response to each assertion must be examined and approved by the full council. The recommendations made must be minuted accordingly. This section must be signed by the Chair and Clerk.
- Section 2 - The Accounting Statement provides details of a comparison of two years income and expenditure, cash reserves, balances and asset values. This must be signed by the council's Responsible Finance Officer before being presented to the council. This section must once again, be approved by full council (not a council committee) and minuted accordingly. Once approved by council the chair can countersign the statement.
- Section 3 is signed and provided by the External Auditor on completion of their audit. This must be done by 30 September each year. This will be signed by the council's external auditors (Mazars)

3.2 The AGAR document must be completed by all Smaller Authorities by 30 June each financial year and must be advertised on a freely available public facing website.

3.3 In addition to the three sections above, the AGAR return contains an Internal Auditors report (page 3 of the document). An important element of the Internal Audit is the investigation of the key indicators and completion of the internal audit response to each indicator shown on page 3 of the councils AGAR.

3.4 The Internal Auditor must investigate, assess and certify whether the council has met (or not) the key indicators shown. This report gives the Internal Auditor the opportunity to comment and advise the council on the following key indicators:-

A Appropriate accounting records have been kept properly throughout the financial year. The JPAG Practitioners Guide 2024 recommends the following to be assessed as part of this assertion.

- Ensure the correct roll forward of the prior year cash book balances to the new financial year.

The council has four accounts which are as follows-

- **The Current Account** £39,244.09 was reflected as the cash book closing balance at 31 March 2024 and opening balance in the cash book at 1 April 2024
- **Public Sector account** closing and opening balance of £285.44 reflected as above. There are very few transactions on this account.
- **CCLA account** closing and opening balance of £802,581.35 reflected as

above.

- **Business Saver account** closing and opening balance of £1,570.30 reflected as above.

The audit has revealed that the correct cash book balances have been rolled forward from one year to the next for the four accounts held by the council.

- Check a sample of financial transactions in cash book to bank statements, etc: the sample size dependent on the size of the authority and nature of accounting records maintained.

On 25 February 2025, testing was carried out for the period April 2024 to January 2025. Both income and expenditure transactions were checked. All cash book items sampled were checked to the bank statements for accuracy.

Transactions for the CCLA Public Sector Deposit funds were examined as part of this process. The balance in the cash book agreed with the information received from the CCLA dated 5 February 2025.

Cash book transactions on the Business Savers Account balanced to the 15 January bank statement details.

Appropriate accounting records have been maintained throughout this period.

B This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for. The JPAG Practitioners Guide 2024 recommends the following to be assessed as part of this assertion.

- Review the procedures in place for acquisition of formal tenders and quotes, ensuring they are in line with the SOs and FRs which should be based on the latest version.

The council made the following resolutions at its annual meeting of 9 May.

- HPC 24/25/011 Resolved council approve Standing Orders
- HPC 24/25/012 Resolved council agreed to defer review of Financial Regulations until NALC model available and has been reviewed by officers.

Subsequently the council's Financial Regulations were reconsidered and approved subject to amendments made during the council meeting held on 7 November.

The council's Financial Regulations 2024 contain details of how and when quotes or tenders are required. The following information is reflected in the council's Financial Regulations.

All members and officers are responsible for obtaining value for money at all

times. An officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 11.1.

5.6 For contracts estimated to exceed £60,000 including VAT, the Clerk shall seek formal tenders from at least three suppliers agreed by the council OR advertise an open invitation for tenders in compliance with any relevant provisions of the Legislation. Tenders shall be invited in accordance with Appendix 1. 5.7.

5.7 For contracts estimated to be over £30,000 including VAT, the council must comply with any requirements of the legislation regarding the advertising of contract opportunities and the publication of notices about the award of contracts.

5.8. For contracts greater than £5,000 excluding VAT the Clerk /RFO or Service Area Manager shall seek at least 3 fixed-price quotes;

5.9. where the value is between £1,000 and £5,000 excluding VAT, the Clerk/RFO or Service Area Manager shall try to obtain 3 estimates which might include evidence of online prices, or recent prices from regular suppliers.

5.10. For smaller purchases, the clerk or officer placing the order shall seek to achieve value for money.

The council shall not be obliged to accept the lowest or any tender, quote or estimate.

The council continues to use its tried and trusted suppliers for various purchases, obtaining one price and not obtaining the required estimates under Financial Regulations. This is mostly in relation to estimate and quotation requirement purchases, for example fun fare rides, traffic management.

Standing Orders and Financial Regulations can of course be waived in certain circumstances, for example when the supply of goods and services is of a specialist nature.

There was one capital purchase up to February 2025. This was for the purchase of an Iveco van costing £19,500. This was reported to the council on 9 May 2024. As it was for the purchase of a used vehicle the tender process would not work appropriately. The clerk therefore sought authority from the council to purchase a used van up to the value of £20,000. The authority was granted in minute number HPC 24/25/033 of the above meeting.

A check of the financial system did not reveal any larger purchases of over £30,000 so no appraisal could be made of Financial Regulation adherence.

- Ensure that consistent values are in place for the acquisition of formal tenders

between SOs and FRs (frequently different limits are recorded in the two documents)

The council's Standing Orders do make reference to purchases above £25,000 (£30,000) but do not reflect the arrangements in place for purchases up to £25,000 (£30,000).

The council's Financial Regulations were amended in November 2024 and the Standing Orders need to be amended to reflect these changes. Recent changes to the Procurement Act will require some amendments to the councils Financial Regulations

Recommendation

The council's Standing Orders should be amended in line with the newly adjusted Financial Regulations and the council should amend its Financial Regulations in line with Procurement Act changes.

- Review the procedures for receipt of invoices, agreement of invoice detail and confirmation of goods/services delivery and approval for payment: ideally, a suitably designed certification stamp should be in place providing for evidencing of these checks and payment authorisation.

Manually created Purchase Orders can be placed by the Parks Manager and Supervisor with both Recreation and Parish Purchase Order books available for use.

There is also a Purchase Order book held in the administrative offices which is used by the clerk, the deputy clerk, the administrative and finance officer and the centre manager. Once order books are fully used they are returned to the administrative offices for retention.

When invoices are received administrative staff verify that the goods have been received with whoever has placed the order. If the amount shown on the invoice is in excess of that shown on the Purchase Order, administrative staff return the invoice to whoever placed the order to get their confirmation, signature and verification of the revised payment amount.

On 25 February, a sample of varying invoices was tested for the period 1 April 2024 to February 2025. Purchase orders (where required) are placed and where appropriate, goods received notes obtained. These are matched to and stored with the invoices for validity and ultimately, payment through the financial system.

Not all invoice payments require a purchase order for example, Cooperative Bank transaction fees and monthly utility bill payments (telephone, gas, electricity IT charges etc) are taken automatically by direct debit and therefore a purchase order is not raised.

Coding slips attached to invoice payments identify the independent officers

involved in the authentication and payment process. One officer is responsible for the purchase order creation, the receipt of goods and the coding of the expenditure to the accounts.

The Deputy Clerk then certifies the invoices as being ready for payment.

All invoices are then reported to the council for payment or information in respect of payments taken by Direct Debit. Two councillors, who are bank authorised signatories are chosen at the meeting to certify the invoices for payment. This decision is reflected in the minutes of the meeting approving the invoices for payment. The two councillors selected normally attend the council offices on the following day to certify the invoices for payment. The signatures of the two councillors sighted were bank signatories and their name appeared on the list of bank signatories.

- Check that there is effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments.

The above sample check revealed that all invoices were approved for payment and that separation of duties exists during the ordering/invoice payment process. The RFO (the clerk) has delegated the approval of invoices for payment to the Deputy Clerk. Coding slips mentioned above provide this evidence.

As mentioned above, all payments are approved by full council before any payment is released by BACS/cheque. Direct Debit and Standing Order payments are reported to the council for information. Final payment authorisation is provided by two councillors signatures on the coding grid - see previous bullet point too.

- Check that VAT reclaims are prepared and submitted in a timely manner in line with the underlying records and in accordance with current HMRC requirements

VAT is appropriately accounted for by council staff. VAT information is produced by the financial software system and recoveries are made on a quarterly basis from the HMRC.

The council has both input and output VAT accounted for. VAT on council raised invoices is both net of VAT and VAT inclusive for

Evidence was provided to show the VAT returns had been submitted to HMRC for the first three quarters of the year i.e. to the end of December 2024.

- Where debit/credit cards are in use, establish the total monthly and individual transaction limits and ensure appropriate controls over physical security and usage of the cards are in place.

Financial Regulation 6.16 indicates

Any Debit Card issued for use will be specifically restricted to the Clerk and the RFO and will also be restricted to a single transaction maximum value of

£500 unless authorised by council or finance committee in writing before any order is placed. No total monthly transaction limits are determined.

Similarly Financial Regulation 6.17 indicates

Any corporate credit card or trade card account opened by the council will be specifically restricted to use by the Clerk, Deputy Clerk/RFO and Service Area Managers and shall be subject to automatic payment in full at each month-end. Personal credit or debit cards of members or staff shall not be used under any circumstances.

The above individual transaction limit of £500 has not been breached during 2024/25 (to 25 February).

A debit card is in use in the council offices. Financial Regulation 6.17 restricts its use to the Clerk, Deputy Clerk/RFO and service area manager.

A selection of Debit Card transactions were checked through to the bank statement. Individual purchases are paid on a daily basis (shortly after being incurred) by direct debit.

The cards are securely stored by the Clerk and Deputy Clerk/Finance Officer.

I am of the opinion that Horden Parish Council has met this criteria and can therefore certify the Internal Audit Report (page 3) accordingly.

C This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these. The JPAG Practitioners Guide 2024 recommends the following to be assessed as part of this assertion.

- Ensure that authorities have prepared, and formally adopted, at least once annually, an appropriate and comprehensive register of assessed risks, both regular and ad hoc.

JPAG Governance and Accountability defines risk as follows.

“Risk is an uncertain event or condition that, if it occurs, will have an effect on the achievement of an authority’s objectives. Risk management is the process whereby authorities methodically address the risks associated with what they do and the services which they provide. The focus of risk management is to identify what can go wrong and take proportionate steps to avoid this or successfully manage the consequences. Good risk management allows stakeholders to have increased confidence in the authority’s corporate governance arrangements and its ability to deliver its priorities.

Risk management is not just about financial management; it is about protecting the achievement of objectives set by the authority to deliver high quality public services. The failure to manage risks effectively can be expensive in terms of litigation and reputation, and can impact on the ability to

achieve desired outcomes. The authority generally and members individually are responsible for risk management.

Risk management is an ongoing activity that comprises four elements: identifying risks; assessing risks; addressing risks; and reviewing and reporting.

Identifying risks

In order to manage risk, an authority needs to know what risks it faces. Identifying risks is therefore the first step in the risk management process.

It is not possible to present a suggested list of the specific risks which authorities face as the range, nature, complexity and scale of the business of authorities vary. Similarly, the priorities and service delivery objectives of one authority will differ from those of others. For this reason each authority should identify, for itself, the key risks to achieving successfully its priorities and service objectives. However, there are some typical categories of risks that might help in the process of risk identification: financial – loss of money; security – fraud, theft, embezzlement; property – damage to property; legal – breaking the law or being sued; IT – failure of IT systems or misuse; and reputational – actions taken could harm the authority’s public reputation.

Assessing risks

Once the authority has identified its key risks, the next step is to assess the potential consequences of a risk occurring (impact) and consider how likely this is (likelihood).

The assessment of potential impact and likelihood need not be any more complex than assigning a simple numerical score, say 1 – 3, and multiplying the two scores to arrive at a risk assessment for each risk of high, medium or low. The risk assessment enables the authority to decide which risks it should pay most attention to when considering what measures to take to manage them”.

Authorities could use a simple risk assessment matrix as follows:

| | | | | |
|-------------------|--------------------------|-----------------------|---------------------|-------------------|
| Likelihood | Highly likely (3) | Medium (3) | High (6) | High (9) |
| | Possible (2) | Low (2) | Medium (4) | High (6) |
| | Unlikely (1) | Low (1) | Low (2) | Medium (3) |
| | | Negligible (1) | Moderate (2) | Severe (3) |
| | | Impact | | |

Horden Parish Council Financial Regulation 17 (Insurance) states The Clerk and other service area managers shall give prompt notification to the RFO of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.

The council has an appropriate risk register in place to identify and assess the adequacy of its risk related activities. The risk registers cover both Financial and Strategic risks and uses a matrix similar to that recommended above by JPAG. This is considered on an annual basis.

The Risk Register identifies different classes of risk for example reputational, strategic, health and safety, financial and environmental risks. It also identifies who has responsibility for the risk and what could possibly trigger the risk.

The report gives each risk a rating depending on the likelihood of the risk occurring and the impact the risk will have if it happens. These range from insignificant to critical in Horden Parish Councils matrix.

- Ensure that appropriate levels of insurance cover are in place for land, buildings, public, employers' and hirers' (where applicable) liability, fidelity guarantee., employees (including councillors) liability, business interruption and cyber security cover.

The Insurance schedule was examined and discussed by members at the Annual Parish Meeting held on 9th May 2025. This schedule was valid from 17/06/2023 to 16/06/2024. Details of the monetary values of insurance cover provided for assets held by the council are referenced on the schedule.

The council then met on 6 June to discuss the renewal of their insurance arrangements. Quotes were sought from other providers (AJG (Gallaghers) group, Clear Councils and Zurich) however one could not provide a quote whilst one could not beat the previous insurers quotes. This was discussed under agenda item 14 of this meeting when council approved to give the clerk delegated authority to place the insurance renewal with Zurich on a further three year basis.

It would appear that adequate insurance arrangements are in place to deal with any eventualities.

- Ensure that appropriate arrangements are in place for monitoring play areas, open spaces and sports pitches: such reviews should be undertaken by appropriately qualified external inspectors or, if by officers or members, that they have received the appropriate training and accreditation.

Play area equipment is inspected on a weekly basis by qualified parish council staff. Written reports are maintained to be provided as evidence for insurance purposes. They are kept for 20 years.

An annual ROSPA check of all playground equipment is also made by qualified inspectors. The report produced identifies any risks and categorises

them as low, medium or high. The information is transferred into a spreadsheet and appropriate action is taken to remedy any problems. This involves the identification of how the problem can be resolved, the severity of the problem and who is responsible for ensuring the appropriate action is taken.

Open spaces and sports pitches are inspected on a weekly basis by trained staff, again, written reports are provided as evidence for insurance purposes.

A professional Tree Survey was commissioned by the council during 2023/24. No further survey was commissioned during 2024/25. Remedial work from the above tree survey was undertaken in January 2025.

- Review the effectiveness of internal control carried out by the authority.

The council undertakes an annual review of the effectiveness of internal control in accordance with Regulation 6 of the Accounts and Audit Regulations 2015.

The latest Effective Internal Control report for 2024/25 was considered by council in agenda item 13 of the meeting held on the 6 March 2025.

In addition to this, at the same meeting, the council considered, in agenda item 14, both its Strategic and Financial Risk Management Review.

Both documents seemed appropriate for the council and were approved by council members.

I am of the opinion that Horden Parish Council has met this criteria and can therefore certify the Internal Audit Report (page 3) accordingly.

D The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate. The JPAG Practitioners Guide 2024 recommends the following to be assessed as part of this assertion.

- Ensure that the full Authority, not a committee, has considered, approved and adopted the annual precept for the coming year in accordance with the required parent Authority timetable.

At the 7 November 2024 Council Meeting the council agreed to advise the clerk to invite councillors to two budget setting meetings on dates set by the clerk. Minute HPC 24/25/142

In Agenda item 9(e) of 5 December 2024 council meeting, the council considered its 2025/26 Annual Budget. Also at this meeting the council agreed to consider the 2025/26 Budget at a further workshop meeting to be held on 9 December 2024.

On 16 January 2025 Horden Parish Council considered the setting of the

2025/26 Fees (item 12 (a), its Events Plan and Budget 2025 (item 12(b) and the 2025/26 Draft Budget (item 12 (c).

The minutes of the above meeting were as follows

HPC 24/25/194 Council approve the fees for 2025/26 and ADVISE officers to look into discounted fees for room hire with relation to how many residents of Horden benefit from the in-kind contribution.

HPC 24/25/195 council approve the budget of £15,312 and ADVISE officers to invite service providers to the next meeting.

HPC 24/25/196 council approve

- *The net budget requirement for 2025/25 is £709,966 made up of an estimated gross expenditure of £1,111,220 and income of £401,254 excluding precept and reserves contribution.*
- *That a reserve contribution of £31,800 to be allocated to reduce the impact of the increased budget.*
- *That a precept of £678,166 be raised of 2025/26 which represents a 5% increase in precept from 2024/25.*
- *Acknowledge that due to the reduction in tax base the increase in Band D is £22.26 per year and to Band A is £14.84 which represents a 5.95% increase in tax bands.*

As a result of the above deliberations the council submitted a 2025/26 Precept request of £678,166 to Durham County Council. This was approved by Durham County Council at their Budget and Council Tax Setting meeting held on 19 February 2025.

The first instalment of the precept request should be received in April 2025 and the second installment on October 2025

An additional payment of £87,544.00 will be received in respect of the 2025/26 Localisation of Council Tax Support Grant. The 2024/25 grant was £96,381 and it is acknowledged that Durham County Council is reducing this grant by 50% over a three year period.

- *Ensure that current year budget reports are prepared and submitted to Authority/Committees periodically during the year with appropriate commentary on any significant variances.*

For 2024/25 Budgetary Control documents were prepared by the Deputy Clerk and Financial officer and Clerk and reported to full council on a monthly basis.

This report provides explanations of actual/budget variances for members information and comment if required. This information ensures that

appropriate action can be taken to address any under/overspends as the year progresses.

By way of example the budgetary control report to the end of December 2024 was reported to council on 16 January. The report submitted details of the accounts as at 31 December 2024. This report shows that accounts on a straight line should be around 75% expended. Under Financial Regulation 4.8 reports are made of material variances of £200 or 17%.

This was reported to Council along with full details of the budgetary control statements to 31 December 2024.

A predicted outturn report is produced as part of the budget setting process.

At the meeting of 6 February 2025 a request was made to council for officers to produce budgetary control reports on a quarterly basis rather than the existing monthly basis. The draft minutes of this meeting (examined on 26 February) show that this request was agreed by the council.

Having said that, monthly budgetary control information will continue to be produced for examination by service managers who have a responsibility to control their budgets throughout the year.

- Review the budget performance either during the year or at the financial year-end seeking explanations for any significant or unanticipated variances.

As reported above budget performance is monitored monthly through reports submitted to council. A variance report is produced as part of the end of year AGAR process and reported to the council and ultimately Mazars the councils external auditors.

- Ensure that the Authority has considered the establishment of specific earmarked reserves and, ideally, reviews them annually as part of the budget assessment process.

The trial balance at 31 March 2025 revealed specific earmarked reserves of

Current year fund - £285,907 of which £31,800 has been used to support the 2025/26 revenue budget.

General reserves of £254,994.

South Terrace Boundary Wall £111,250.

Funded projects £16,601.

Play equipment £278,125.

Property repairs £113,632.

Equipment replacement £7,506.

Improvement Resources for Social Welfare Centre £33,633.

Election reserves £13,399.

- Ensure that the precept received in the accounts matches the prior year submission form to the relevant authority and the public record of precepted

amounts.

The 2024/25 precept request agreed by Horden Parish Council on 25 January 2024 was £645,883. The same precept figure is reflected in Durham County Councils Budget and Council Tax setting report dated 28 February 2024.

The precept was received in two separate amounts during the year.

In addition to the precept request the council received £96,381 in respect of the Localisation of Council Tax Support Grant from Durham County Council.

Similarly for the 2025/26 financial year Horden Parish Council approved and submitted a precept request of £678,166. This was approved by Durham County Council at their Budget and Council Tax Setting meeting held on 19 February 2025.

As mentioned above this will be paid in two instalments - April and October 2025.

In addition to the above 2025/26 precept, the council will receive a reduced Localisation of Council Tax Support Grant of £87,544.

I am of the opinion that Horden Parish Council has met this criteria and can therefore certify the Internal Audit Report (page 3) accordingly.

E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for. The JPAG Practitioners Guide 2024 recommends the following to be assessed as part of this assertion.

- Review “Aged debtor” listings to ensure appropriate follow up action is in place

Income from council activities is controlled by the Deputy Clerk/Finance Officer and administrative staff. Debtors are controlled within a 30 day payment request. This action is initially started by email contact. Any aged debtors are subject to follow up action on a 30/60/90 day system. The final 90 day action could result in debt collection action.

The council has a Late Payments and Bad Debts Policy in place which was reaffirmed at the council meeting held on 11 July 2024. This will be subject to five yearly reviews. It is pleasing to note that the recommendation made last year has been completed.

There were no outstanding debts to investigate at the date of the audit (4 March 2025).

- Allotments: ensure that appropriate signed tenancy agreements exist, that an appropriate register of tenants is maintained identifying, that debtors are monitored.

The council has two allotment sites. Part of the Station Road allotment site continues to be leased on an annual charge of £1,435 per annum. This is levied by a company called JJ Dell and was paid to them on 14 November 2024. The land for the second site on Third Street is owned by Horden Parish Council.

The Station Road allotment site continues to be run by an Allotment Association who is responsible for all of the administrative arrangements for the site including the issue of tenancy agreements and recharging allotment holders the appropriate association rental charges etc.

This fee is reviewed annually by the council as part of its fees and charges deliberations and is payable from 1 April each year. A 2024/25 charge of £2,403 was agreed by council on 11 January 2024. This annual fee has been received by the council.

The fee was subsequently reviewed on 16 January 2025 and will be £2,523 for 2025/26.

The Third Street Allotment site is licenced to a community group for a peppercorn rent of £35 per annum. At the date of the audit (4 March 2025) there remained a query on this payment and the invoice for this charge has not yet been released. This was reviewed on 16 January 2025 and the revised payment will be £37 for 2025/26.

- Burials: ensure that a formal burial register is maintained that it is up-to-date and that a sample of interments and memorials are appropriately evidenced, that fees have been charged at the correct approved rate and been recovered within a reasonable time: (Authorities should also acquire and retain copies of Burial / Cremation certificates)

Burial fees and charges are reviewed and approved by council on an annual basis. The 2024/25 cemetery fees were approved by council in agenda item no 10 (a) of the 11 January 2024 meeting and became effective on 1 April 2024. Minute number HPC 23/24/164 refers to this approval.

It was noted that the 2024/25 Cemetery fees agreed had increased by 10% for residents and by 30% for non residents of the parish.

The council has introduced a Rules and Regulations Management and Cemetery Guidance policy which was last reviewed in 2022.

Burial fee information is provided to council on a monthly basis giving members details of the charges levied (Interment, Ashes, Purchase of plots, headstones etc) details of the plot number, whether the purchaser is a resident or not and the amount charged.

Purchase orders are not raised for burial fees.

A digitised burial register has been introduced recently and is in the process of

being populated with historical/existing records. A manual system of recording continues to be produced as a back up if digital records fail. The digital records held will also enable any lost hard copy records to be recreated.

Whenever a grant of burial is issued the appropriate paperwork is prepared using the digitised system. The grant is only issued once independent checks have been made which involve the clerk and other council staff. The Clerk's signature is required before any paperwork is issued or any invoices raised.

Usually the undertaker is aware of the costs involved with the purchase of an exclusive right of burial and the interment fees following purchase of the exclusive right of burial. These fees are paid to the council and need to be received by council before any burial is allowed.

Similarly for other charges such as headstones etc the Stonemason is aware of the charges involved. The stonemason will include the costs of, for example, a headstone within their overall charge to the client and will then transfer the council's fee to the council.

Fees are received in a number of ways e.g. BACS, cheque or cash and are accounted for accordingly on receipt. The fees charged for the period 30 December 2024 to 26 January 2025 were checked to the 2024/25 approved cemetery fees and were found to be correctly charged for residents and non residents. The items audited were a mixture of Interment fees (both resident and non resident), Purchase of plots (both resident and non resident) and memorial fees (both resident and non resident).

Details of the payments audited above period were also checked to the cash book and bank statements for evidence of receipt of the monies due. The items audited were paid by a mixture of all three methods above i.e. bank transfers, cheque and cash payments - all of which were reflected on bank statements.

A sample check of Grant of rights of burial were selected for inspection including resident and non resident burials. Appropriate charges were levied in accordance with the councils approved Fees and Charges. A copy of the Exclusive Right of burial is issued to the purchaser and a hard copy is retained in the council's records.

Advance purchases of an exclusive right of burial are available but only to residents of the parish.

- *Hall hire: ensure that an effective diary system for bookings is in place identifying the hirer, hire times and ideally cross-referenced to invoices raised.*

Within the Social Welfare Centre the council has a number of rooms available for hire.

The first floor of the Social Welfare Centre is used exclusively by Durham County Council under a licensing arrangement. A recently increased licence fee has been agreed with DCC for these rooms - see below.

Durham Deafened Support has a licence for two rooms on the ground floor and use of a training room where required.

There are two other rooms available for hire, namely the Mary Clark and Elizabeth Wood Rooms. The council determines the charges to be levied for the hire of these rooms using an hourly rate (Corporate or Community) charge or similarly a day rate charge (Corporate or Community). Other incidental costs are also recharged for projector and screen costs, tea/coffee

The Centre Manager controls diary and room bookings. A room booking system is in operation and personal and community/ corporate hire requests are examined to see if room hire is available on the dates required. Once a booking is made it is entered into the manual booking system to guarantee the hire of the room.

A monthly assessment is made of the rooms booked to see who has booked the room and who is entitled to free use of the premises (e.g. Girl guides) or whether a charge is to be levied.

Room booking charges are determined by council once a year for the forthcoming year. This was done at the meeting held on 11 January 2024 and revised 2024/25 charges became effective from 1 April 2024. Similarly the 2025/26 charges were approved by council on 16 January 2025.

If a charge is to be levied an invoice is raised as appropriate. A sample of invoices were checked for different organisations hiring the rooms e.g. CISWO, Durham Deafened Support (Annual charge but paid monthly), Durham County Council (monthly charge), Hooked on Crafts (monthly charge). Where an invoice is raised details of the invoice number are recorded on the diary listing

All invoices examined reflected the appropriate charges approved by the council and had been paid appropriately. VAT has been accounted for due to some of the bookings being business related (for example Durham County Council and Durham Deafened Support) and therefore subject to VAT. This was reflected on the invoices examined.

As mentioned above some community groups (including the council) are able to access use of these rooms free of charge. To reflect this in the accounts, an internal transfer of fees is journaled into the accounts. This way the council can see which organisations are receiving free use of the rooms and the associated charges.

- *Leases: ensure that leases are reviewed in a timely manner in accordance with the terms of the lease and rents similarly reviewed appropriately at the due time.*

The council has licences (not leases) in place. These are reviewed in a timely manner.

The licence with the County Council for the first floor of the Social Welfare

Centre has been reviewed recently. This licence is payable on a monthly basis with electronic payments received from the County Council. Monthly payments have been sighted.

The license is now indexed linked to CPI increases for the next few years which will see the licence fee rise by the CPI increase for January each year. This increase will become effective from 1 April each year.

Durham Deafened Support (DDS) also hire rooms through a licence which is payable on a monthly basis. Monthly payments have been evidenced. DDS also has use of other rooms such as the Elizabeth Wood room as part of the licence. This is subject to prior booking.

Monthly payments are received for the two licences mentioned above.

- Other variable income streams: ensure that appropriate control procedures and documentation are in existence to provide a clear audit trail through to invoicing and recovery of all such income.

Income from the use of football pitches is controlled by the issue of invoices. Annual charges have been levied to four football clubs from within the Horden Parish Council area (1 club) and from outside the parish area (3 clubs).

Differential rates are determined for clubs within or outside the area and whether they are an adult or junior club.

Four invoices were raised in July 2024 (before the start of the season) for four different clubs using the Sunderland Road facilities. These were charged at the appropriate rate for the age of the participants - either adult or junior clubs.

Lettings agreements were sighted for all four clubs.

A separate key deposit charge is collected which is returned to the clubs at the end of the season.

One off use of pitches require payment before the football pitches can be used. Invoices are raised as appropriate.

No VAT is involved for the use of football pitches.

The Whippet Club is also charged for the use of the Sunderland Road facilities and a separate invoice is raised for this.

The council owns a bungalow on Sunderland Road which is rented under a Tenancy Agreement to one of the council's employees. Income is paid to the council by BACS and is received on the first of each month.

- Where amounts are receivable on set dates during the year, ensure that an appropriate control record is maintained duly identifying the date(s) on which income is due and actually received / banked.

The council's half yearly precept and grant payments are due from Durham County Council in April and October each year. A register is not maintained but the amount is immediately recognisable in the bank statements. The precept is usually transferred to the CCLA account to generate interest. This is done ensuring that cash flow is maintained and for treasury management purposes.

I am of the opinion that Horden Parish Council has met this criteria and can therefore certify the Internal Audit Report (page 3) accordingly.

F Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for. The JPAG Practitioners Guide 2024 recommends the following to be assessed as part of this assertion.

- A number of authorities are now running down and closing their petty cash accounts and using debit/credit cards for ad hoc purchases. Consequently, a "Not covered" response is frequently required in this area.

Horden Parish Council operates a Debit Card. There is one account created for this system. Two cards are held using the same account. One card is securely retained by the clerk and the other by the deputy clerk. This provides some certainty of use if one or the other card holder is not available.

A debit card policy and procedure is in place to provide control over this type of purchase. The council recently reconsidered and approved its Debit Card Procedure policy at a meeting held on the 6 March 2025.

The council's Financial regulations indicate that any debit card issued for use will be specifically restricted to the Clerk and RFO and will also be restricted to a single transaction maximum of £500 unless authorised by the council or finance committee in writing before any order is placed.

Expenditure is incurred as required and numbered and logged sequentially in the Debit Card Transaction file.

Appropriate documentation is held for each of the debit card transactions and was examined for the period 1 April 2024 to 25 February 2025.

The Debit card transaction appears monthly on the bank statement. Payment of the debit card balance is immediate and is paid shortly after the transaction occurs. A reconciliation is carried out between the bank statement and the debit card transaction file.

Once identified the amounts are reported to full council for information (as they have already been paid) and approval by council. Once approved by council the payments are recorded in the accounts on a net basis with where appropriate, any relevant VAT accounted for the invoices. This enables the VAT to be recovered from HMRC.

Invoices inspected as part of this process were followed through to the accounting system to ensure the ledger is up to date.

With regard to petty cash, JPAG Practitioners Guide 2024 recommends the following to be assessed as part of this assertion.

- Review the systems in place for controlling any petty cash and also cash floats (used for bar, catering, etc)

The council has one Petty Cash account in operation. This has a monthly operational amount to adhere to e.g. £100.

Expenditure is incurred as required and normally and periodically, once the balance drops, a further arbitrary amount is added to the petty cash account.

Examples of this were noted in the petty cash book. The last “top up” of £120 was made on 3 December 2024 which exceeds the £100 operational limit. The £100 operational limit needs to be adhered to.

The cash balance (£34.72) and outstanding vouchers were audited and approved as being correct on 25 February 2025.

The petty cash tin is held securely in the office safe with the office administrator holding the safe keys. To provide independence, further security and separation of duties, the petty cash tin key is retained securely by the Deputy Clerk who controls the security of this key only making it available on request.

All petty cash expenditure is reported to council for approval and following approval the requisite financial transaction is made in the accounting system.

There are no cash floats for bar and catering purposes.

- Check a sample of transactions during the financial year to ensure appropriate supporting documentation is held.

Petty cash transactions were inspected during an internal audit on 25 February 2025. The inspection revealed that petty cash payments were supported by appropriate documentation.

- Review the existence of evidenced periodic independent verification of the petty cash and any other cash floats held.

Administrative staff periodically (not monthly) verify the petty cash and cash floats. As reported above, details of the petty cash balance are reported to the council for information and approval. This forms part of the cash and investment reconciliation submitted to council on a monthly basis although this is changing to a quarterly basis following a decision of the February council meeting.

There is a further £10 float balance held by the council this is accounted for via the councils trial balance. This is primarily used for the sale of dog bags at reception. See below for physical check details.

- Ensure that VAT is identified wherever incurred and appropriate

Examination of a sample of documents revealed that petty cash purchases had VAT appropriately accounted for.

- Physically check the petty cash and other cash floats held.

See above, a physical inspection of the petty cash balance and transactions was carried out on 25 February 2025. Everything was balanced and appropriate records have been kept for the year.

A float of £10 is held for staff to deal with any purchases made at reception. Income collected at reception is mainly from the sale of dog bags and is recorded on a list of sales. The float was checked on 26 February 2025 and was found to be correct £10.00 plus £3.50 of income received since the last reconciliation.

The aforementioned reconciliation revealed that there was £96.52 to be banked on 26 February this banking was audited and checked for accuracy..

- Where bar or catering facilities are in place, ensure that appropriate cashing-up procedures are in place reconciling the physical cash takings to the till "Z" total readings.

Horden Parish Council does not operate any bar or catering facilities.

I am of the opinion that Horden Parish Council has met this criteria and can therefore certify the Internal Audit Report (page 3) accordingly.

G Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied. The JPAG Practitioners Guide 2024 recommends the following to be assessed as part of this assertion.

- Ensure that, for all staff, a formal employment contract is in place together with a confirmatory letter setting out any changes to the contract.

There are currently thirteen staff paid on the week 47 payroll. A check of personal files for these current members of staff identified that not all contained details of a signed formal contract of employment.

Recommendation

The personal files history continues to be out of date and should be examined and where appropriate copies of formal contracts and any subsequent confirmatory letters should be added to the record.

Appropriate records need to be obtained for any future council employees.

- Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability

Members allowances of £517.93 per annum are paid once a year. The amount paid concurs with the information shown in the councils Members Allowance Scheme issued in February 2018 and was paid on 27 June 2024 to 9 councillors.

Members are automatically paid unless they notify the council that they do not wish to take up their allowance.

Four members were co-opted at the time of payment and, in accordance with legislation, were not eligible for the allowance. One other member notified the council that they did not wish to take their allowance therefore payment was made to nine councillors.

Payroll checks reveal that tax was correctly deducted from payments using the codes shown on the payroll. Councillors received their net allowance on 27 June 2024.

It is pleasing to note that previous years members allowance details have been added to the website. Details of the councillors allowances paid for 2024/25 need to be added to the councils website.

The chairman's allowance is paid as incurred. No physical money is provided to the chair.

- Ensure that, for a sample of staff salaries, gross pay due is calculated in accordance with the approved spinal point on the NJC scale or hourly rate, if off-scale, and also with the contracted hours

The council currently pays its staff on a weekly basis however I understand that consideration is still being given to the creation of a monthly based payroll system for all staff. This will of course need a consultation with and the agreement of staff and unions to proceed.

This was reported in last year's audit and I would again encourage the switch to monthly payroll payments as it would lead to finance staff being able to dedicate more of their time to other financial issues. This is not a recommendation and a final decision of the council is required along with discussions with staff and unions.

Weekly paid staff complete a timesheet each week which is countersigned by their respective manager for accuracy, the Deputy Clerk/Clerk authorises payment and details are the input for payment by the payroll administrator.

Full time weekly paid park and cemetery staff work more hours during the

summer season and less during the winter season but are paid 37 hours per week throughout the year.

The Council approved the 2024/25 NJC salary increases on 7 November. This included the calculation of back pay due from 1 April 2024.

The audit of week 47 of the payroll reveals that all employees sampled were receiving the correct rate of salary in accordance with the new 2024/25 NJC rates. Back pay or arrears to 1 April 2024 had been paid previously.

- Ensure that appropriate tax codes are being applied to each employee

Appropriate tax codes, issued by HMRC were being applied to the sample of employees taken. P45 information is taken into account on new employee payroll records and P45 information is issued to employees leaving the council. P60 information produced at the year end for all employees and real time information is provided to HMRC.

- Where free or paid for software is used, ensure that it is up to date.

The council uses a system called IRIS for its payroll provision. Software is updated by the supplier to ensure correct PAYE and NI contributions are being paid. HMRC has approved the IRIS software system.

- For the test sample of employees, ensure that tax is calculated appropriately

PAYE deductions were correctly calculated using the PAYE tax codes entered into the salary system. Sample checks revealed the correct amount of tax was being deducted.

- Check the correct treatment of Pension contributions

Employee pension contributions vary according to staff salary levels and appear to be correct. Employee pension contributions for those staff in the pension scheme range between 5.5% and 6.8% depending on their respective salaries. Staff employee pension contributions were checked to relevant rates on week 47 payroll

Employee pension contributions are tax deducted from gross pay so the correct PAYE deductions can be made.

Employer contributions are 19.5% of gross pay for all staff.

All employee and employer contributions appeared to be correct.

- For NI, ensure that the correct deduction and employer's contributions are applied.

A sample was taken from the week 47 payroll (27/02/25) which revealed that Employees NI is calculated correctly by taking gross salary less the primary

threshold of £242 per week and multiplying the result by 8%. This concurs with the HMRC requirements.

The sample checked also revealed that Employers NI is calculated correctly by taking gross salary less the secondary threshold of £175 per week and multiplying the result by 13.8%. This concurs with the HMRC requirements.

It is noted that as a result of a recent government budget there are changes being made to both the lower primary threshold before employers national insurance is payable (reduced from £758 to £417 per month) and a corresponding increase in the employers percentage rate of national insurance from 13.8% to 15%.

This will have an impact on the councils 2025/26 budget with an estimated increase of around £17,500 in employers national insurance contributions for Horden Parish Council.

Changes to NI have been introduced for 2024/25.

- Ensure that the correct employers' pension percentage contribution is being applied

The actuarial valuation employers rate of 19.5% notified by Durham County Council is applied for the employers pension contribution.

All staff in the pension scheme were checked for week 47 payroll. A 19.5% of gross pay employers contribution had been correctly calculated.

There may be a change (1 April 2026?) to employer pension rates following the actuarial review which will, I believe, take place during 2025/26

- Ensure that for the test sample, the correct net pay is paid to the employee with tax, NI and pension contributions correctly paid to the respective agencies.

The net pay for all thirteen employees was calculated. Records were examined for the week 47 payroll and all were correct.

Appropriate weekly payments are made to respective agencies including HMRC, Durham County Council. These are made monthly using BACS. For example the February payments included details of deductions made for weeks 44 - 47.

Union deductions are a matter for individual employees and are not deducted at source from salaries.

I am of the opinion that Horden Parish Council has met this criteria and can therefore certify the Internal Audit Report (page 3) accordingly.

H Asset and investments registers were complete and accurate and properly maintained. This section/assurance should be extended to include loans to or

by the authority The JPAG Practitioners Guide 2024 recommends the following to be assessed as part of this assertion.

Tangible Fixed Assets

- Ensure that the Authority is maintaining a formal asset register and updating it routinely to record new assets at historical cost price net of VAT and removing any disposed of / no longer serviceable assets

The council maintains an asset register which is shown online for 2023/24. In September 2024 a report was taken to Council which dealt with the disposal of some vehicles and items of equipment. This was agreed by council.

The council also approved an Asset Management Policy at its meeting held on 6 March 2025.

- Physically verifying the existence and condition of high value, high risk assets may be appropriate.

The council's major assets consist mainly of the Chapel of Rest at Thorpe Road Cemetery (£190,000), the cemetery lodge (£145,000), the memorial Park Works Building (£140,000), the War Memorial/Clock and the cemetery toilet block (each valued at £18,000, Allotments (£2,450) and various assets valued at £1 each (£7 in total). This makes up assets of £513,457 included in the £830,193 shown on the 2024/25 AGAR return.

The above are identifiable as being land and buildings assets and, as such, are self-evident.

Other, but not all, assets shown in the £830,193 on the AGAR return include vehicles (£88,825), play equipment, (£49,236), street furniture (£31,127) furniture (£23,852) and fixtures and fittings (£19,745) and IT equipment (£10,113).

- Ideally, the register should identify for each asset the purchase cost and, if practicable, the replacement / insured cost, the latter being updated annually and used to assist in forward planning for asset replacement.

The Asset register does show the asset original purchase cost and also includes an estimated insurance value for the assets reflected in the list.

For example the Horden Social Welfare Centre was gifted to the council and therefore has a nominal purchase price of £1 whilst the insurance value shown is £2,720,667.44.

- Additions and disposal records should allow tracking from the prior year to the current.

On 3 October 2024 the council considered the disposal of some of its assets. The report confirmed that the Council owns a number of assets that have

fallen into disrepair or become obsolete over a long period of time that have not been disposed in a timely fashion and are taking up space.

Officers sought to dispose of the assets and identified the following assets to the sum of £275 be disposed of:

*John Deere X740 Ultimate Ride on Mower
Hayler Ambassador Cylinder Mower
Hayler Condor Cylinder Mower
Ransomes 51 Superbowl Cylinder Mower*

Council approved of their disposal- see minute number HPC 24/25/119.

- Ensure that the asset value to be reported in the AGAR at section 2, line 9 equates to the prior year reported value, adjusted for the nominal value of any new acquisitions and / or disposals

The prior year asset figure (2023/24) AGAR Section 2 line 9 figure is shown as £786,504. The summary of 2024/25 assets by group name information held on Rialtus is now £830,193.

- Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured or “self-insured” by the Authority Fixed asset investments.

Not all asset register entries are readily identifiable in the Insurance Schedule at the replacement cost reflected in the asset register. This will be because of the insurance company including inflationary increases to asset values which are not reflected in the council’s asset register.

Fixed Asset Investments

- Ensure that all long-term investments (i.e. those for more than 12 month terms) are covered by the “Investment Strategy” and reported as Assets in the AGAR at section 2, line 9.

The council has no Long term investments.

Borrowing and Lending

- Ensure that the authority has sought and obtained appropriate DMO approval for all loans acquired.

The council has one loan approval in operation. This is a loan of £500,000 over a 28 year period taken out in December 2016 for the extension to the cemetery. Appropriate approval was granted from the DMO for this loan to proceed with the Public Works Loan Board.

[Full details of the approval are shown online.](#)

- Ensure that the authority has accounted for the loan appropriately (i.e., recorded the full value of the loan. Any arrangement fee should be regarded as an admin expense) in the year of receipt.

It is assumed that the value of the loan was correctly accounted for in 2016. The current outstanding value is correct at 31 March 2025 with £395,015.19 still outstanding. The PWLB produces an annual outstanding balance reconciliation at the end of each year. As at 6 April 2025 this was the same figure as that reflected in the council's accounts.

The arrangement fee of £175 is not included in the outstanding balance.

- Ensure that the combined principal loan repayment and interest for the year is correctly recorded in the AGAR at section 2 line 5.

Appropriate principal and interest payment figures of £26,072.22 for 2023/24 and £26,072.22 for 2024/25 are shown on the 2024/25 AGAR.

£13,036.11 (principal £7,180.56 and interest of £5,785.55) was paid on 03 June 2024 and £13,036.11 (principal £7,283.24 and interest of £7,283.24) was paid on 02 December 2024. This is in line with the expected loan repayment schedule provided by the PWLB. A total payment of £26,072 is therefore shown at section 2 line 5.

- Ensure that the outstanding loan liability as at 31st March each year is correctly recorded in the AGAR at section 2, line 10 (value should be verified via the DMO website)

Appropriate figures of the outstanding loan amounts are reflected in Section 2 line 10 of the 2024/25 AGAR (£395,015). This represents the 2023/24 AGAR figure of £409,479 less the 2024/25 principal repayments of £14,463.80 (£7,180.56 (paid June) plus £7,283.24 (paid December))

- Where the Authority has issued loans to local bodies, they should ideally seek signed indemnities from the recipient body, or their members, agreeing to underwrite the loan debt.

Horden Parish Council has not issued any loans to local bodies

I am of the opinion that Horden Parish Council has met this criteria and can therefore certify the Internal Audit Report (page 3) accordingly.

I Periodic bank account reconciliations were properly carried out during the year. The JPAG Practitioners Guide 2024 recommends the following to be assessed as part of this assertion.

- Ensure that bank reconciliations are prepared routinely, are subject to independent scrutiny and sign-off by members.

Details of monthly bank reconciliations continue to be prepared by the Deputy

Clerk and reported by the Clerk at council meetings. After every approval of the bank reconciliation two councillors are nominated to “sign off” the bank reconciliation. Evidence of bank reconciliation preparation and approval at meetings was sighted.

With monthly bank reconciliations carried out this ensures that cash book transactions have been appropriately recorded and maintained and reconciled to the councils bank statements.

I have noted the move to quarterly bank reconciliations being provided on a quarterly basis and, as long as the council receives this quarterly information, I have no objection to this.

- Verify the accuracy of the year-end bank reconciliation detail and ensure accurate disclosure of the combined cash and bank balances in the AGAR, section 2, line 8.

The figure in the 2024/25 year end AGAR section 2 line 8 (£1,131,889) was checked and agreed to the year end combined cash and bank balances.

The balance shown on the 2024/25 year end bank reconciliation comprises of the current account (£43,647), 90 Day deposit account (£285), the CCLA account (£1,086,317) the Business Savers Account (£1,596) and other cash balances of £43 (Petty cash £33 and float account £10).

- Where the authority has bank balances in excess of £100,000 it has an appropriate investment strategy.

The council continues to hold most of its investment monies in a CCLA account which, on 31 March 2025, held a balance of £1,086,317.

When received, precept monies are subsequently invested into the CCLA account in accordance with Regulation 5 (Authorisation of payments) and Regulation 6 (Instructions for payments) of the Financial Regulations.

Interest on balances is maximised by doing this but staff need to be vigilant to ensure the cash flow of the current account is maintained at an appropriate level.

Investment transfers are done on an ad hoc required basis mainly when the precept amounts are received. Transfers from CCLA to the current account are done as required to ensure adequate current account balances

Instant access is available on the CCLA account and withdrawals are made periodically as and when required to bring monies back into the current account.

For example, at the parish council meeting held on 3 October the clerk requested that £340,000 be transferred to the CCLA account from the Current account. This was approved by council.

Conversely the clerk requested that £50,000 be transferred from the CCLA account to the current account on the 7 November. This was approved by council.

The investment of council monies has produced some healthy interest generation since interest rates started to increase. As interest rates decrease, this needs to be reflected in the budget.

The current ad hoc investment strategy appears to be working. However section 12.3 of the Councils Financial Regulations state.

“The council shall consider the requirement for an Investment Strategy and Policy in accordance with Statutory Guidance on Local Government Investments, which must be written to be in accordance with relevant regulations, proper practices and guidance. Any Strategy and Policy shall be reviewed by the council at least annually.”

No specific policy has been introduced to date but should be considered.

I am of the opinion that Horden Parish Council has met this criteria and can therefore certify the Internal Audit Report (page 3) accordingly.

J Accounting statements prepared during the year were prepared on the correct accounting basis, (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded. The JPAG Practitioners Guide 2024 recommends the following to be assessed as part of this assertion.

Whilst IA's are not required to verify the accuracy of detail to be disclosed in the AGAR, this assertion, together with the expectation of most Authorities, effectively requires IAs to ensure that the financial detail reported at section 2 of the AGAR reflects the detail in the accounting records maintained for the financial year. Consequently, IAs should

- Ensure that, where annual turnover exceeds £200,000, appropriate records are maintained throughout the year on an Income and Expenditure basis to facilitate budget reporting in that vein

In accordance with the JPAG Practitioners Guide 2024 the council prepares its accounting statements on an income and expenditure basis including accruals at year end to reflect actual costs incurred for the year in question.

- Ensure that appropriate accounting arrangements are in place to account for debtors and creditors during the year and at the financial year-end

Appropriate accruals are made by the Finance Manager and clerk at the year end.

I am of the opinion that Horden Parish Council has met this criteria and can therefore certify the Internal Audit Report (page 3) accordingly.

K If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly determined itself exempt. The JPAG Practitioners Guide 2024 recommends the following to be assessed as part of this assertion.

IA's should ensure that, all relevant criteria are met (receipts and payments each totalled less than £25,000)

- the correct exemption certificate was prepared and minuted in accordance with the statutory submission deadline
- that it has been published, together with all required information on the Authority's website and noticeboard

This exemption is only available to smaller councils that have an annual gross income or expenditure of less than £25,000 per annum. Therefore, Section K does not apply to Horden Parish Council as it is not able to certify itself as exempt from a limited audit review. I have therefore ticked "not covered" for this section.

L. The authority publishes information on a free to access website / web page, up to date at the time of the internal audit in accordance with the relevant legislation. The JPAG Practitioners Guide 2024 recommends the following to be assessed as part of this assertion.

IAs should review the Authority's website ensuring that all required documentation is published in accordance with the relevant legislation.

Local councils with a gross annual income or expenditure exceeding £200,000 are subject to the Local Government Transparency Code 2015. Section 2 of this document requires the following information to be published on a council website.

Details of Horden Parish Councils [Transparency data can be found here](#).

On a quarterly basis

- Details of any expenditure exceeding £500.

At the time of inspection (March 2025) details of expenditure over £500 are shown online for three quarterly periods up to the end of December 2024. The final quarter should be added after 31 March 2025.

- Government Procurement Card transactions.

This is not applicable to Horden Parish Council.

- Procurement information exceeding £5,000.

There is evidence of the 2023/24 expenditure exceeding £5,000 shown online. Whilst procurement exceeding £5,000 has been very limited an updated version of this needs to be provided for 2024/25 (e.g. van purchase and insurance policy)

On an annual basis

- Local Authority land -

Details of land and property owned by Horden Parish Council are reflected in its 2023/24 assets listing shown online. An updated version needs to be published online for 2024/25.

- Social Housing assets -

This is not applicable to Horden Parish Council.

- Grants to voluntary, community and social enterprise organisations -

The council has produced a Donations Policy and request form which is available for inspection online. A sum of money is made available for distribution each year.

Details of grants made to organisations are recorded in the council's minutes and a separate document (see above) is also produced for public inspection. This information is made available as part of the council's Transparency information.

At the time of the audit (March 2025) the grant and donation information is valid up until 2023/24. The 2024/25 information needs to be produced as soon as possible after the year end.

- Organisation chart

The latest staff establishment chart shown online is up to date for 2024.

- Trade union facility time - This is not applicable to Horden Parish Council.
- Parking accounts - This is not applicable to Horden Parish Council.
- Parking spaces -

There are no controlled parking spaces. However, free parking spaces are solely for users of the following facilities.

*Horden Social Welfare Centre 40 marked spaces are provided
Sunderland Road Playing Field has 10 unmasked spaces and
Thorpe Road Cemetery has around 20 unmarked spaces.*

- Senior salaries

The council does not have any employees receiving over £58,200 per year.

- Constitution -

The councils Standing Orders (May 2024) and Financial Regulations (2024) are shown online. I have noted that both of these documents were reported to members at the Annual Meeting of the Council held in May 2024 and for the Financial Regulations revisited in November 2024.

- Pay multiples - nothing to report on this topic
- Fraud- nothing to report on this topic.

Details to be published only once

- Waste Contracts - *This is not applicable to Horden Parish Council.*

The Code then goes on to say that it recommends more information should be published than is shown above, for example:-

- Expenditure data exceeding £250 and not £500 as reflected above
- Procurement over £500 and not £5,000 as reflected above - see above
- Local authority land - see above
- Parking spaces - see above
- Organisation chart employees exceeding £50,000, salaries band for each employee. - see above
- Grants - see above
- Fraud - see above

I am of the opinion that Horden Parish Council has met this criteria and can therefore certify the Internal Audit Report (page 3) accordingly.

M. The authority, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Regulations.

The JPAG Practitioners Guide 2024 recommends the following to be assessed as part of this assertion.

IAs should acquire / examine a copy of the required "Public Notice" ensuring that it clearly identifies the statutory 30 working day period when the Authority's records are available for public inspection.

Following full council approval on 06 June 2024, the Notice of the Exercise of Public Rights for the 2023/24 accounts was dated 10 June 2024 and published online on 11 June 2024. Approval was granted for inspection dates (11 June 2024 to 18 July 2024) at the full council meeting held on 06 June 2024.

The dates set include the first two weeks of July and cover the thirty day working period required under the Local Audit and Accountability Act 2014 and the Accounts and Audit (England) Regulations 2015 (SI 234).

IAs may also check whether councils have minuted the relevant dates at the same time as approving the AGAR

The dates set by the council are recorded in minute HPC 24/25/54 in the council's records.

Horden Parish Council has complied with the publication requirements for the 2023/24 AGAR and I am therefore of the opinion that this assertion has been complied with and have certified it accordingly.

N The Authority has complied with the publication requirements for the prior year AGAR (see AGAR Page 1 Guidance Notes). The JPAG Practitioners Guide 2024 recommends the following to be assessed as part of this assertion.

IAs should ensure that the statutory disclosure/publication requirements in relation to the prior year's AGAR have been met as detailed on the front page of the current year's AGAR.

Under the Accounts and Audit Regulations authorities must publish the following information on the authorities website/web pages:-

Before 1 July 2024 authorities must publish

- **Notice of the Period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited.**

This was achieved on 11 June 2024. See also section M above.

- **Section 1: The Annual Governance Statement 2022/23 approved and signed, page 4.**

This was achieved by the Full Council approval of Section 1 of the AGAR on 6 June 2024. The council resolved that it could say yes to the required governance statements. The individual assertions are reflected in minute no HR 24/25/52 of the 6 June meeting.

Section 1 of the AGAR was signed by the clerk and the Chair and added online on 11 June 2024.

- **Section 2 Accounting Statements 2022/23 - approved and signed page 5.**

This was achieved by the Full Council approval of Section 2 on 6 June 2024. The council approved and recorded this decision in minute HR 25/25/53 of the 6 June meeting. The clerk signed section 2 on 30 May 2024 and following the council meeting on 6 June it was signed by the

chair of the council. The appropriately signed Section 2 of the AGAR is shown online.

Not later than 30 September 2023 Authorities must publish

- **Notice of Conclusion of Audit**

The notice of conclusion of the audit was dated 23 September 2024 and was posted online on 23 September. The conclusion of the audited return was considered and approved by councillors at their next available full council meeting held on 3 October.

- **Section three External Auditor Report and Certificate**

This notice was dated 18 September 2024 and has been posted online. It was considered and approved at the Full Council Meeting held on 3 October 2024.

- **Sections 1 & 2 of AGAR including any amendments as a result of the limited assurance review**

These sections (unamended) were published online on 18 September and considered and approved at the Council Meeting held on 3 October 2024.

- **It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report (page 3).**

The Annual Internal Audit Report, page three of the AGAR return is shown online.

I am of the opinion that Horden Parish Council has met this criteria and can therefore certify the Internal Audit Report (page 3) accordingly.

O (For Local Councils only) Trust Funds (including charitable) - The council met its responsibilities as a trustee. The JPAG Practitioners Guide 2024 recommends the following to be assessed as part of this assertion.

- Confirm that all charities of which the council is a Trustee are up to date with CC filing requirements.

The council is a sole managing trustee of a charitable body called the Horden Recreation Ground Charity number 520826.

On 4 March 2025 the Charities Commissions website indicated that the Charity reporting was up to date with details of the 2023/24 financial year registered with them.

- that the council is the sole trustee on the Charity Commission register.

I have checked the Charity Commission register and Horden Parish Council is shown as the sole trustee. No other trusteeships are registered for this charity.

- that the council is acting in accordance with the Trust deed.
“1 The object of the charity is, in the interests of social welfare, to improve the conditions of life for the inhabitants of the area of benefit without distinction of political, religious or other opinions by the provision and maintenance of a recreation ground.

2 The land identified in the schedule to this scheme must be retained by the trustee for use for the object of the charity.”

In addition to the above charity objects, charity Trustees must not

- ☐ *receive any benefit in money or in kind from the Charity or*
- ☐ *Have any financial interest in the supply of goods or services to the charity.*
- ☐ *Acquire or hold any interest in property of the charity (except in order to hold it as a trustee of the charity.*

The above information is reflected in the sighted original Trust Deed dated 5 November 1998.

In my opinion the recreation ground provided is used to meet its objectives for recreational use. The land in question is currently used by football and cricket teams as well as providing sculptures, parkland and play area provision for the benefit of Horden inhabitants.

Trustees are asked to declare any interest in agenda items at each meeting.

- that the Charity meetings and accounts recorded separately from those of the council.

All financial activity for the Charity is recorded in a separate accounting software financial system called Alpha. The Charity has its own bank account, cheque book, purchase order system (HRG numbers) paying in book and receipt book.

Expenditure and income amounts are reported to each meeting for approval by the Trustees. The Trust's monthly bank balance is also reported to Trustees at every meeting. Regular (monthly) bank reconciliations are undertaken between bank statements and the Alpha computer system.

I have examined a range of trust income and expenditure transactions for the period 1 April 2024 to 31 March 2025 and can certify that they are all trust related, appropriately coded and financially accounted for within the trusts accounts. Some trust payments are made from a separate cheque book/bank account located in the council offices.

Related to the above I have also examined a sample of BACS and Direct Debit payments relating to the charity.

Income related receipts were traced from the receipt book to the paying in book and then to the bank account.

On the Charity Commission's website, the 2023/24 total income was shown as £110,777 and the total expenditure was £125,479 - this included a Government Grant of £59,920.

The council has not provided any further funds for the Charity during 2024/25.

A separate asset register is in place for the Charity

- Review the level and activity of the charity and where a risk based approach suggests such, review the Independent Examiners report.

The council produces separate monthly agendas for Charitable Trust meetings. These monthly meetings are held independently of and immediately following parish council meetings.

Horden Parish Council is involved in the Horden Recreation Ground Charity and I have considered the above requirements and provided my findings to the requirements above. A separate report has also been issued on this area of work.

4.0 Audit Recommendations

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| Assertion B | Recommendation: The council's Standing Orders should be amended in line with the newly adjusted Financial Regulations and the council should amend its Financial Regulations in line |
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| | with Procurement Act changes |
| Assertion G | <i>Recommendation: The personal files history continue to be out of date and should be examined and where appropriate copies of formal contracts and any subsequent confirmatory letters should be added to the record. Appropriate records need to be obtained for any future council employees.</i> |