

# LITTON CHENEY PARISH COUNCIL

## **Internal Audit Report 2024-25**

### **General**

I have examined a comprehensive file of documents provided by the Clerk, who has helpfully clarified all the questions I have asked. Where there are a few gaps, in the invoices, due to the change of Clerk, I am satisfied that they have been properly managed. I have also looked through the relevant sections of the Parish Council website.

I have found the financial control and accounting systems, and financial management generally to be in very good shape, in compliance with the relevant standards. The requirement in the Transparency Checklist to publish by 1 July 2025 all items of expenditure above £100 in 2023-24 has not yet been met, but is, I understand, in hand.

The following notes and recommendations are to enable the Parish Council to take decisions on matters I think would benefit from attention.

### **End of year funds (AGAR objective D)**

The reserves identified in the accounts (CIL, 'Earmarked' and 'Ring-fenced') are appropriate and accurate. I want to draw attention, rather, to whether, and if so how, the Council determines what level of funds should be carried over from one year to the next, as a 'contingency reserve'. That would be the total funds held at the end of the financial year, minus those held through CIL. As these are public funds, in principle, the amount carried over from year to year should not be greater or less than than is judged necessary to safeguard against future contingencies.

The relevant figure at the end of 2024-25 is £20,189.60 (total funds held minus CIL). I appreciate that the PC will have anticipated, as part of the annual budgeting exercise, that funds at about that level would be carried forward at the end of the year as a 'contingency reserve'. I am not sure, however, whether the Council formally addresses the question each year: what level of funds is it reasonable to hold in reserve to guard against future contingencies? The Clerk has shown me a document that was used by the then Clerk some years ago to enable the Council to take an informed view on that question, as part of the budgeting exercise. I think that document could usefully be revived, to facilitate an annual decision-making process. I **recommend** that the Council decides how best to take an annual decision, probably as part of the budgeting process, on the level of funds it aims to carry forward (as an unspent 'reserve') at the end of the financial year, in order to protect against identified future contingencies.

### **Assets (AGAR objective H)**

The Council has a comprehensive register of assets dated 31 March 2025 (which I **recommend** should replace an older version on the PC's website). Also on the website is a document listing the 'location of public land and building assets'. Strangely, the asset register on the website includes most of the land in question, but the current asset register that is due to replace it does not include land or buildings. In the interests of transparency and ease of access, it seems sensible to have a single assets register that includes land and buildings: I **recommend** that the Council considers amalgamating the two documents into a single assets register. The two documents on the website also have a minor inconsistency that will need to be rectified: the assets register lists the playing field/allotments site as 1.85 acres, and the land and buildings document appears to list it at 1.1 acres (possibly omitting the allotments).

I also **recommend** that the Council reviews the way in which land is valued in these documents. On the face of it, the land value is not appropriately stated via the minimal rents charged for its current use: I express no view on what a proper valuation would be, but feel a review by the Council would be appropriate.

More significantly, I **recommend** that the council considers whether, and if so how, to include the LATCH building in the register of assets. Although LATCH is managed independently by Trustees, if the Council is legally the owner of the building as well as the land, it would seem appropriate to include it in the register.

### **Risks (AGAR objective C)**

The Council has a comprehensive assessment of risks on its website. Whether or not the Council decides to include the LATCH building in its register of assets, I **recommend** that it consider whether to include in its assessment of risks the possibility (however remote) that the present arrangements for providing and managing the LATCH facilities break down, facing the Council with a need to take action to sustain them.

John Halliday (signed)