Rackheath Community Council

Internal Audit Report Financial Year 2024/25

Including Explanatory Notes for Annual Return
(where a ‘no’ has been marked)

Prepared by Peter Strange MBA, BSc, DTS.

3rd June 2025

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Name of council	Rackheath Community Council	
Name of clerk	Aileen Beck	
Phone no for clerk	01603 920990	
Name of Chair	Pippa Nurse	
Total receipts	£828,535	
Total payments	£505,445	
Reserves	General £ 102,734	Earmarked £ 907,897
Website address: https://www.rackheathparishcouncil.org.uk/		
Clerk's e-mail address: clerk@rackheathparishcouncil.org.uk		
Chair's e-mail address: pippanurse@rackheathparishcouncil.org.uk		

I have completed an internal audit of the accounts and records for Rackheath Community Council for the year ending 31st March 2025. My findings are detailed below using the tests provided in the Norfolk ALC training and guidance for Internal Auditors.

I would like to thank the Clerk/RFO and Deputy Clerk for providing me with all the information required for the Internal Audit, for providing a well-managed and clear set of records and for responding positively to my enquiries.

A. Appropriate accounting records have been properly kept throughout the financial year	**Yes** The council subscribes to "Scribe" which the clerk maintains as a cash book. The records are up to date and generally well maintained. However, upon close examination of the records it seemed that there was lack of consistency and understanding about how to use the date fields, such that transactions appeared to have been paid before they were approved. **I recommend that the RFO in conjunction with members look at how invoices are logged and tracked, such that an accurate journey for each transaction can be traced.** These records are routinely and regularly reconciled and reported monthly to members at the appropriate Community Council meetings. Council minutes are up to date and have been initialled and signed.

B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for	**Yes** The council has in place a set of financial regulations and standing orders that were last reviewed in February and March 2025. Previous issues with payment levels have been resolved. I tracked a number of payments through the system, and all could be accurately traced and had been properly treated. Rackheath operate a dual signatory system for payments. Although I did note that at present transactions are currently logged at the bank by one of the signatories and that there were only 2 signatories. **I recommend that approved transactions are logged by the RFO and then actioned by at least two signatories of whom there should be more than two.** VAT was properly accounted for and reclaimed. Rackheath CC do not operate a charge card.
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	**Yes** The Council carried out an annual risk assessment or review of their risk management scheme in December 2024. Insurance cover is appropriate and adequate,

D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate	**Yes** The precept was agreed at the December 2023 meeting and the requests were lodged with the district council in an appropriate and timely fashion. Progress against the budget is monitored quarterly and reported to an appropriate meeting of the council. General Reserves stand at the equivalent of approximately 20% of one year's expenditure, although that expenditure includes significant expenditure funded from earmarked Reserves. This figure is considered adequate. These reserves continue to be kept in ordinary bank accounts. They are in excess of the FSCS compensation limit and are hence more exposed than is prudent. I understand that the council; has begun discussions about an investment strategy, however these funds remain exposed and are not being used to best effect for the local community. **I would recommend that the council urgently accelerates plans to ensure the significant reserves are achieving the best return possible; and that these reserves are protected in so far as is possible.**
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for	**Yes** Income was all properly received and accounted for. Rackheath CC has on occasion considered banking arrangements for its large reserves, however I think that a more structured and considered investment strategy is warranted (see above). VAT was properly claimed and accounted for.
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for.	Rackheath CC do not operate a petty cash system.

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	**Yes** Rackheath CC has 2 employees, the Clerk/RFO and the Deputy Clerk. Payroll is contracted out. Records have been examined, they are properly reported and approved, and PAYE and NI are properly applied and accounted for.
H. Asset and investments registers were complete and accurate and properly maintained	**Yes** The council maintains an asset register which was last updated in March 2024. In addition to the asset register in scribe Rackheath also run an Excel spreadsheet to track assets, it is not clear the relationship between these two methods and as identified last year some assets appear to be valued at their replacement value not their acquisition value. Rackheath has a system for checking the condition of assets and for escalating problems if any are identified. An annual check on the condition of play equipment is carried out by RoSPA. The council has adequate insurance cover for its assets. The council has a PWLB loan which currently sits at £73,500. This loan is correctly reported and monitored by full council. Given the high level of reserves held by the council **I recommend that Rackheath consider paying off part or all of their PWLB loan.**

I. Periodic bank account reconciliations were properly carried out during the year	**Yes** The bank accounts are reconciled prior to every meeting (monthly) and at year end
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	**Yes** Accounts are based on receipts and payments supported by physical evidence which married to the cash book. This year Rackheath has exceeded the £200,000 threshold for expenditure for the second year. This mean that from 2025-26 accounts will need to move from receipts and payments to income and expenditure. Rackheath will be required to restate this year's AGAR to establish a proper base for next year's figures. In preparation for this. I understand that discussions have already take place with Scribe who seem confident that this should be relatively straight forward. **I recommend that Rackheath Community Council record keeping ensures that it has the proper information to make certain that the transition to income and expenditure is as easy as possible, in particular by identifying the financial year to which transactions should be attached (including apportionment if necessary).**
K. If the authority certified itself as exempt from a limited assurance review in 2023/24, it met the exemption criteria and correctly declared itself exempt	Not applicable.
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation	**Yes** Rackheath has properly published relevant information on: https://www.rackheathparishcouncil.org.uk/

M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations	**No** Public rights have been properly advertised on Rackheath CC's website and are minuted. However, due to problems with the planned meeting being inquorate, the notice was not adopted until the meeting on the 1st of July. The rights period nominally started on the 1st of July but this did not allow for the required separation of one day between adoption and commencement and did not include the first 10 working days of July. **I recommend that Rackheath Community Council make strenuous efforts this year to comply with the notice period requirements**.	
N. The authority has complied with the publication requirements for 2023/24 AGAR	**Yes** All items are freely available via the website.	
O. Trust funds (including charitable) – The council met its responsibilities as a trustee	Rackheath does not operate any trust funds.	
Last year's recommendations	Contract limits in FRs and SOs Insurance cover Member updates Investment strategy Asset valuations Move to income and expenditure	Addressed Addressed Actioned Ongoing Addressed Set for 2025-26

Summary of recommendations

Section A	I recommend that the RFO in conjunction with members look at how invoices are logged and tracked, such that an accurate journey for each transaction can be traced.
Section B	I recommend that approved transactions are logged by the RFO and then actioned by at least two signatories of whom there should be more than two.
Section D	I would recommend that the council urgently accelerates plans to ensure the significant reserves are achieving the best return possible; and that these reserves are protected in so far as is possible.
Section H	I recommend that Rackheath consider paying off part or all of their PWLB loan.
Section J	I recommend that Rackheath Community Council ensures that its record keeping ensures that it has the proper information to ensure that the transition to income and expenditure is as easy as possible, in particular, by identifying the financial year to which transactions should be attached (including apportionment if necessary).
Section M	I recommend that Rackheath Community Council make strenuous efforts this year to comply with the notice period requirements

Peter Strange
June 2025