J T Marsh & Son
Doncaster
[redacted]

15th July 2025

The Responsible Financial Officer
Toft Newton Parish Council
PO Box 1659
Epworth
DN9 1UL

Dear Sir,

2024-25 Internal Audit

Thank you for asking me to look at the 2024-25 year end accounting for Toft Newton Parish Council. And thank you for answering my questions.

Being a business owner and former Town Clerk, I have occasionally carried out internal audits of small Parish Councils over the last few years. Therefore, my opinions below are based on relevant experience, knowledge and understanding.

Toft Newton Parish Council are in a position where the Parish Clerk/RFO/Proper Officer has resigned from his post for the second time is slightly over twelve months due to ongoing significant illness, last time, which includes the year in question, the post was vacant for several months before the Clerk rejoined the Council, only to resign again. This time he is staying in post until a replacement Clerk is found.

The outgoing Clerk has committed to leaving the Council with updated Standing Orders, Financial Regulations and a revised oversight system. Additionally, the Clerk will ensure Assertion 10 is met ahead of the end of the 2025-26 year end. He is also intending to implement various other policies, including a new Data Management/IT policy and is in the process of registering with the Information Commissioner's Office to ensure GDPR compliance.

The Clerk advises me that following him leaving the post in July 2024, there were difficulties accessing the bank accounts, due to the change of signatories mandate being completed incorrectly, this was only, finally resolved earlier this calendar year when the Clerk returned to the post and was able to confirm with the bank who the signatories should be, and provide an updated mandate.

The RFO plans on closing two dormant Savings Accounts that are not accessible online and transferring the small amounts in these accounts into the current account. Online Instant Access Savings Accounts will then be opened to hold various budgets and to maximise the Council's credit interest.

Meetings and records of meetings have been sporadic due to the illness of the Clerk and I understand that this has continued into the current financial year. The Clerk however, is taking steps to ensure that all meeting's related documents are accessible to Councillors through the Council's OneDrive, which should make it easier for meetings to proceed if the Clerk is ill. This is also considered by the Clerk an important step in becoming a "paper light" organisation and shows his commitment to ensuring the Council becomes as sustainable as possible.

The Council have some good intentions for developing their parish and this is likely to involve a number of grants being applied for in the coming years. The RFO assures me that he is aware that handwritten accounts are not sufficient for a Parish Council and he has committed to moving to a purposely created Excel spreadsheet, which will allow him/his successor to capture significantly more information.

Apart from the above sporadic meetings, and lack of access to the bank accounts for around four months, the biggest issue is lack of clear oversight of financial transactions.

I have instructed the RFO to provide full updates at least four times a year as per the requirements set out in the Practitioner's Guide, but that as the Council is only due to meet six times a year, it would not be unreasonable to expect a full update at each meeting.

On the RFO's suggestion, the Playground Warden was moved from the National Minimum Wage/National Living Wage to NJC terms and conditions at the beginning of the year in question. The Playground Warden being started on spinal column point (scp) 2 moving up annually to scp 5. This entitled the Playground Warden to annual increments, and the cost of living increases as well as a slight increase in their annual leave entitlement as well slightly better protections.

The Clerk has been reclaiming s126 VAT and drawing down the grant from Lincolnshire County Council which is to go towards grass cutting. This is something that his predecessor didn't do, despite the previous Internal Auditor repeatedly advising them to do so.

Overall, the financial situation at Toft Newton Parish Council is stable, but the financial management system is inadequate.

I have therefore, instructed that the Council take the following actions and implement them in full before they set their draft 2026-27 budget in November 2025.

Actions:

- Implement up to date Standing Orders.
- Implement up to date Financial Regulations.
- Implement better financial monitoring by Councillors, either through establishing a Finance Committee or through Full Council meetings.
- Introduce time sheets and expenses claims using Microsoft Forms or similar, so that once completed, the information is automatically e-mailed to the RFO.
- Ensure the bank mandate is kept up to date and that at least two Councillors and the RFO have full access to the bank account. The mandate must be updated immediately when a change happens.
- Implement an Excel spreadsheet to capture account's information and plot income and expenditure against the planned budget on a monthly basis. If grant income takes the Council's income and expenditure to a level where additional internal or external oversight would be required, then the Council should look at specialist accounting programmes, such as Scribe, Rialtas or Parish Council Accounts.
- Report full transactions to Councillors at least quarterly, but ideally at every meeting.
- Comply with Assertion 10 prior to the end of the 2025-26 year, by setting up a .gov.uk e-mail address for at least the Clerk. To ensure that the website is regularly updated and ensure compliance with the latest accessibility standards.
- Set up accounts with suppliers where possible, so that payments are made upon receipt of an invoice rather than by personal debit or credit cards.
- Provide a business Debit card to the next RFO to reduce the number of expenses claims being made.

Additionally, I have made a few recommendations, these being less critical than the actions detailed above, but they should be considered before the end of the 2025-26 financial year.

Recommendations:

- The Council work to fill the two casual vacancies for Councillors which have been vacant for a number of years.

- Introduce a Councillor's Expenses policy based on the recommendations of the West Lindsey District Council's Independent Remuneration Panel, so that Councillors can legitimately claim expenses.
- Consider increasing the precept by 3% per year to keep up with rising costs.
- That Toft Newton Parish Council use the Internal Audit service provided by Lincolnshire Association of Local Councils (LALC) going forward to ensure compliance and that the Council continues to grow its members, its services and its value within the parish.

While the Clerk has been severely limited due to illness, he is committed to leaving the Council in a better position than it was when he joined the Council for the first time in 2022. By this he means ensuring, policies, procedures and operational practices are better and that issues caused by the ill health of a Clerk do not significantly impact the integrity of the Council.

In light of the above, and the failure to submit the AGAR for the 2023-24 year, had the Clerk been remaining in post, I would have suggested stripping him of the RFO role.

As the Clerk is leaving, but is committed to ensuring his replacement is better prepared via an actual handover and new policies in place, Toft Newton Parish Council is likely not to experience further delays in submitting their year end reports.

I trust this report addresses any concerns raised by the external auditors and goes some way to helping the Council resolve any issues that may arise.

Yours sincerely,

J T Marsh
Proprietor

Online copy not signed.