Yarkhill Parish Council 2024/2025 Submission

Explanations to negative responses on the 24/25 AGAR – Section 1, as required by the Smaller Authorities Proper Practices Panel (SAPPP) and published as “Practitioners’ Guide 2025 (PG).”
References to this guide are quoted in *italics*.
These explanations must be published and provided to the External Auditor (EA) *(section S1.6)*.
These are the statements that have been answered “no” on the AGAR.

Statement	Explanation
1. Financial management and preparation of accounting statements: We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	The EA report of 20/2/25 (note 9) recommended that all council members familiarise themselves with the mandatory requirements of the PG before discussion and approval of the AGAR. We note and acknowledge the advice to discuss the AGAR and considered the mandatory requirements before it is submitted. Budgeting: *(S1.8)* The EA commented “that the budget was set so that the precept could remain the same.” Budgeting has been very limited and in future each PC meeting will review, comment on and update the budget. This is especially important when setting the precept for 26/27 and when considering any project such as a new NDP. We have noted the EA recommendation 3 in her report 20/2/25 along with the recommendation that we follow the guidance within section 5 of the PG and also recommendation 5 of that report. Bank reconciliation: *(S1.10)* The requirement for verification of the bank statement (required under YPC Financial Regulation 2.2.6) will be met in future. This acknowledges the comments made by the EA at note 10 in the letter 20/2/25. Investments: *(S1.11)* Once using online banking, full use will be made of available deposit accounts. Reserves: *(S1.13)* A reserves policy was introduced (PC Meting 22/5/25, item 11.3) This will be reviewed at least once a year in future and when setting the budget (EA letter 20/2/25 note 4.)
2. Internal Control: We maintained an adequate system of internal control including measures to prevent and detect fraud and corruption and reviewed its effectiveness.	The PC will move to online banking as soon as possible. All councillors will be authorised to view and approve payments from the account, but 2 signatories will be required as recommended in *S1.15.2*. Standing Orders and Financial Regulations: *(S1.14)*. SO and FR will be reviewed in accordance with SO 5j ix. Whilst this did not happen at the first PC meeting in 25/26, these regulations will be reviewed and updated as soon as possible in the future and tailored to the circumstances of YPC as recommended in the EA letter of 20/2/25.

	<u>Review of effectiveness</u>: *(S1.20)* The council acknowledges the lack of independent and professional internal auditing for many years and has now addressed this by appointing an auditor recommended by HALC and ensuring the PG at section 4 is followed. For the future, it is important that the appointment is conducted by the PC and not the Clerk alone.
3. <u>Compliance with laws, regulations and proper practices:</u> We took all reasonable steps to ensure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	We are aware of potential breaches in the GDPR with the disclosure of information containing personal details and have referred ourselves to the Information Commissioner and await the outcome. We are also aware of the misuse of mailing lists by the Clerk. Legal requests for information under FOI regulations will, in future, be met. <u>Regulation and proper practices</u>: *(S1.24)* We note failure to comply. <u>Regulation and proper practices</u>: *(S1.24)* We note failure to comply with the requirements of the Transparency Code for smaller authorities and especially the Transparency Act 2015. In future, papers for meetings will be published with agendas whenever possible on the website when it is fully functioning. *(S1.50 also applies.)*
6. **<u>Internal Audit.</u>** We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	In future, the internal auditor (IA) will be appointed at the beginning of each year and will meet the requirements of Section 4 of the PG, specifically as set out at S4.7 of the PG. <u>Internal audit</u>. *(S1.34)* The EA remarks regarding the failure to budget properly conflict with the response of the initial IA and his positive reply to control objective D. The report submitted fails to take account of the EA report (as required by S 4.17). There is no evidence that the IA followed the PG at S 4.21 regarding bank reconciliations, The second IA has found that these failures should have resulted in negative answers to control objectives I, B, and D.
7. **<u>Reports from Auditors.</u>** We took appropriate action on all matters raised in reports from internal and external audit.	*(S1.38.)* The "PKF Action List" was drawn up to be reviewed at each meeting of the PC until it has been fully met but this has not happened. In future, we will simply follow practices set out in the Practitioners Guide.
8. **<u>Significant Events</u>**. We considered whether any litigation, liabilities or commitments. Events or transactions, occurring either during or after the year-end, have a financial impact on the authority and, where appropriate, have included them in the accounting statements.	*(S1.40)* There are overdue payments to HMRC and a failure to allocate some payments already made to the appropriate submission of previous payments. This has resulted in interest being charged and our payroll services provider advises that fines for late payment may arise. We may also be subject to penalties if we are found to have breached the Data Protection Act.