Annual Internal Audit Report 2024/25

POULTON AND PULFORD PARISH COUNCIL

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During the financial year ended 31 March 2025, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2024/25 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**	
A. Appropriate accounting records have been properly kept throughout the financial year.	✓			
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓*			* EXCEPT FOR ISSUE 3 IN INTERNAL AUDIT REPORT
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓			
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓			
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓			
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.		✓		NO PETTY CASH
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.	✓			
H. Asset and investments registers were complete and accurate and properly maintained.	✓			
I. Periodic bank account reconciliations were properly carried out during the year.	✓			
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.	✓			
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. *(If the authority had a limited assurance review of its 2023/24 AGAR tick "not covered")*			✓	
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.	✓			
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 *(during the 2024-25 AGAR period, were public rights in relation to the 2023-24 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).*	✓			
N. The authority has complied with the publication requirements for 2023/24 AGAR *(see AGAR Page 1 Guidance Notes).*	✓*			* EXCEPT FOR ISSUE 1 IN INTERNAL AUDIT REPORT

O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken: 05/05/2025 (DD/MM/YYYY)

Name of person who carried out the internal audit: JDH BUSINESS SERVICES LTD

Signature of person who carried out the internal audit: JDH Business Services Ltd

Date: 05/05/2025

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

INTERNAL AUDIT REPORT
POULTON & PULFORD PARISH COUNCIL – 2024/25

The internal audit of Poulton & Pulford Parish Council was carried out by undertaking the following tests as specified by the Audit Commission on Section 4 of the Annual Return for Local Councils in England and Wales:

- Checking that books of account have been properly kept throughout the year
- Checking a sample of payments to ensure that the Council's financial regulations have been met, payments are supported by invoices, expenditure is approved, and VAT is correctly accounted for
- Reviewing the Council's risk assessment and ensuring that adequate arrangements are in place to manage all identified risks
- Verifying that the annual precept request is the result of a proper budgetary process; that budget progress has been regularly monitored and that the council's reserves are appropriate
- Checking income records to ensure that the correct price has been charged, income has been received, recorded and promptly banked and VAT is correctly accounted for
- Reviewing petty cash records to ensure payments are supported by receipts, expenditure is approved and VAT is correctly accounted for
- Checking that salaries to employees have been paid in accordance with Council approvals and that PAYE and NI requirements have been properly applied
- Checking the accuracy of the asset and investments registers
- Testing the accuracy and timeliness of periodic and year-end bank account reconciliation(s)
- Year end testing on the accuracy and completeness of the financial statements

Conclusion
On the basis of the internal audit work carried out, which was limited to the tests indicated above, in our view the council's system of internal controls is in place, adequate for the purpose intended and effective, subject to the issues reported in the action plan overleaf.

As part of the internal audit work for the next financial year we will follow up all recommendations included in the action plan.

JDH Business Services Limited

INTERNAL AUDIT REPORT
POULTON & PULFORD PARISH COUNCIL – 2024/25

ACTION PLAN

	ISSUE	RECOMMENDATION	FOLLOW UP
1	Whilst the Council published a document titled 'Notice of conclusion of audit' before September 30th, it was not the standard form and it did not state the rights of inspection conferred on local government electors and the address at which, and the hours during which, those rights may be exercised.	*When the council is not exempt from audit, it must ensure that it publishes the correct 'Notice of conclusion of audit' that sets out the rights of inspection for electors.*	
2	Receipts and payments have both been overstated by £1304 due to a transfer between the current and deposit account being included as a transaction within the accounts.	*The annual return should be amended as follows:* ***Total other receipts £8,164*** ***Total other payments £11,301*** *Transfers between bank accounts should be treated correctly within the accounts software.*	*Annual return amended prior to internal audit signing of the annual return*
3	We could not identify approval in the minutes for the following payments: • Quality Roofing NW Ltd £2400 • Wellers Law Group PLP £610.80 We also could not identify authorisation by two signatories before payment. We note that both payments were later refunded by the village Hall.	*All payments should be approved as per the financial regulations of the Council.*	

4	The following assets have been added to the asset register in 24/25, however the assets were already in the asset register. The asset value is therefore overstated: Captain Tom Trail Equipment £5219 Computer hardware £366.65 Computer hardware £366.65 Total = £5952.30 The asset register should therefore show total assets for 2024/25 of £62,555.89	*The asset register should be updated to remove the duplicate entries.* *The annual return should be amended as follows:* ***Total fixed assets = £62,556***	*Annual return amended prior to internal audit signing of the annual return*
5	Minor difference identified in the bank reconciliation. • Santander bank balance is 92p different from the balance shown in the bank reconciliation. This does not alter the balance carried forward which remains as £5,983.	*Th Council must ensure that Scribe is updated for the interest received in the Santander account.*	
Follow up of 2023/24 internal audit recommendations			
1	The Council has incurred significant expenditure during the year on the refurbishment of toilets and the purchase of chairs for the village hall. Funding for these items has been provided by Pulford Village Hall and the VAT reclaimed has been paid back to the village hall. The Council owns the village hall which is leased to the Village Hall	***The council should secure the input of a specialist Local Government VAT adviser to review VAT issues at the council and to secure written guidance as to the amount of VAT that can be reclaimed in respect of the significant contract expenditure relating to the village hall.***	*Implemented.*

	Committee (99 year lease at £50 per annum). The invoices have been made out to the Parish Council and funding for the toilet refurbishment at a cost of £19,840 plus VAT has been partly through CIL monies (that were originally transferred to the Village Hall and then repaid to the Council) and by fundraising by the Village Hall Committee. The order for chairs for the village hall at a cost of £5816.65 was placed by the Council and the invoice was made out to the Council. We have not seen evidence that three quotes were obtained before the order was made. The chairs for the Village Hall do not appear on the asset register of the Council.	***Contracts in excess of the quotations threshold in the Financial Regulations must be procured in accordance with Financial Regulations requirements.***	
2	The asset register has been transferred to the scribe accounting software but the total fixed assets is incorrect due to the following errors: • Some assets valued at £1 in the previous asset register because they were community or gifted assets are recorded in the scribe asset register but have a nil value. JPAG Practitioners guide advises that these assets should be valued at a proxy cot of £1.	*The asset register should be reviewed for the following:* • *Duplicate entries should be removed.* • *The £1 valuation of assets now listed as nil should be reinstated.* • *The speed limits sign should be included in the total assets cost.*	*Asset register and annual return amended prior to internal audit signing of the annual return*

	• £5944.30 of assets have been entered in the asset register more than once. • The speed limits sign valuation of £1746.30 has not been carried forward to the annual return total.		
3	An annual risk assessment is displayed on the council website and is dated May 2023, however Council approval of the risk assessment is not recorded in the council minutes during 2023/24.	*The risk assessment must be formally approved by Council annually.*	*Implemented*
4	The payments made after October 2023 have not been approved by council within the minutes or accompanying report.	*The minutes should record approval of payments by Council.*	*Implemented for most payments.*
5	Staff costs on the annual return is incorrect as it includes the charge to the payroll agent and excludes the salary payments made in relation to the new clerk. The correct balance should be £1047.	*The annual return should be amended as follows:* *Staff costs £1,047* *Total other payments £50,851*	*Annual return amended prior to internal audit signing of the annual return*