Grappenhall and Thelwall Parish Council

Internal Audit 2025/26

JDH BUSINESS SERVICES LTD

Registered to carry on audit work by the Institute of Chartered Accountants in England and Wales

The internal audit of Grappenhall and Thelwall Parish Council is carried out by undertaking the following tests as specified in the AGAR Annual Return for Local Councils in England:

- 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 salaries are paid in accordance with Council approvals and PAYE and NI requirements are 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)
- Review of year-end financial statements
- The authority has complied with the publication requirements for the prior year AGAR.
- The authority correctly provided for a period for the exercise of public rights for the prior year AGAR
- The authority published required information on a website up to date at the time of the internal audit in accordance with relevant legislation.
- Review of Assertion 10 (Annual Governance Statement) requirements.

The interim internal audit provides evidence to support the internal audit conclusion in the AGAR Annual Return for local councils.

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, **except for** the recommendations 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

	ISSUE	RECOMMENDATION	FOLLOW UP
2025/26 internal audit			
1	There is no adopted IT policy in place. A council IT policy sets the protocols for securing and protecting data, access controls, minimising cyber security risks, compliance with legal regulations, and defines employee responsibilities with regard to IT usage and IT assets.	*The council must adopt an IT policy.*	
2	The council has not adopted and published a privacy policy covering all categories of personal data collected. Only a privacy policy covering website data is published. A council must publish a privacy policy or privacy notice to comply with data protection legislation. The privacy policy explains how councils, process personal data in a transparent, lawful, and fair manner. The privacy policy explains to data subjects how to exercise their rights including the right to access their data. The policy also explains what	*The council must adopt and publish a general privacy policy. The council should also have an internal staff privacy policy that explains how the council processes staff personal data.*	

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	personal data is being collected, used, shared, stored and the lawful basis for processing personal data categories.		
2024/25 internal audit			
1	The council did not comply with Regulation 15 of the Accounts and Audit Regulations 2015 as it failed to make proper provision for the exercise of public rights for the 2023/24 accounts. The public notice period for inspecting the accounts was for longer than 30 working days rather than the statutory required period of 30 days, and the announcement dates was AFTER the commencement date of the public inspection period.	*The council must comply with the requirements of the Accounts and Audit Regulations 2015 with respect to the notice for the exercise of public rights.*	Implemented
2	There is currently no formal medium term corporate plan showing the medium term priorities, objectives and strategic direction of the council.	*The council should consider formalising its priorities and objectives into a medium term corporate plan.*	Work in progress- neighbourhood plan completed.
3	The Stansby account has been reconciled to April 1st 2025 rather than March 31st 2025. As a result, £82.33 of interest has been included in	*Bank reconciliations at the year end must be completed to the correct date of March 31st.*	Implemented

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	2024/25 as interest received rather than as a debtor		
4	Two income sample items for Have a Go group income did not agree to the supporting documentation provided.	*Council should review the supporting information issued and received for this source of income to ensure in future that income vouchers substantiate the income received.*	No further issues relating to income supporting documentation in 2025/26.
5	There are no formal contingency arrangements are place to maintain complete and accurate up to date accounting records if the clerk/RFO was absent for a significant period.	*The council need to review its contingency arrangements for maintaining complete and accurate financial systems and controls in the absence of the clerk/RFO and ensure formal arrangements are in place.*	Implemented - An additional officer has now been trained in usage of SCRIBE ledger.
6	The Accounts and Audit Regulations require the council to conduct a financial year review of the effectiveness of the system of internal control. Although there are internal controls in place as evidenced by the Financial Regulations and a risk assessment review approved minutes, the council has not conducted an overall annual review of the effectiveness of internal controls and documented this in the minutes.	*The council should conduct an annual review of the effectiveness of the system of internal controls and document this review in the minutes.*	Internal controls policy adopted and published

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7	The information reviewed at the time of the internal audit indicated the following were not published, either in accordance with the Transparency Code or the Audit Regulations Section 13 (2): - payments over £500 each quarter. In addition , the following contract information required by the Transparency Code could not be identified: PUBLICATION 32. Local authorities must also publish details of any contract, commissioned activity, purchase order, framework agreement and any other legally enforceable agreement with a value that exceeds £5,000. For each contract, the following details must be published: - *reference number* - *title of agreement* - *LA department responsible* - *description of the goods and/or services being provided* - *supplier name and details* - *sum to be paid over the length of the contract or the estimated annual spending or budget for the contract*	*The council must ensure that it complies fully with the publication requirements of all Regulations and the Local Authority Transparency Code 2015.*	Implemented

	ISSUE	RECOMMENDATION	FOLLOW UP
	- *Value Added Tax that cannot be recovered* - *start, end and review dates* - *whether or not the contract was the result of an invitation to quote or a published invitation to tender, and* - *whether or not the supplier is a small or medium sized enterprise and/or a voluntary or community sector organisation and where it is, provide the relevant registration number*		
2023/24 internal audit			
1	The council has disclosed that fidelity cover is currently £250,000, however, the level of precept is now increasing significantly. Fidelity insurance should aim to cover the maximum projected cash and bank balances which is estimated as the year end cash and bank balances of £253,298 plus the next precept instalment of £277,360 (2024/25), which is an estimated maximum projected balance of £530,658. Financial Regulations require the following: *16.5. All appropriate members and*	*As part of risk assessment procedures, the council should annually estimate maximum projected cash and bank balances as part of annual risk assessment and set the level of fidelity insurance accordingly as required by s16.5 of the Financial Regulations* *The council need to review the current level of fidelity insurance as it does not cover maximum projected cash and bank balances.*	Implemented - fidelity insurance is £million

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	employees of the council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the council.		
2	Precept and budget review: - The amount of the precept request for 2024/25 is not recorded in the minutes which is a requirement of the Local Government Act 1992 as the December council meeting agreed the precept budget but did not state how much the precept was. - There is no formal adopted budget timetable in place evidencing the key milestones leading to the agreement of the precept request for the year and approval of the annual budget.	*The amount of precept requested must be stated in the council resolution of the minutes where the precept was decided.* *A comprehensive formal budget timetable should be established annually covering the main elements of the Council's budget setting process together with key dates and responsibilities.*	Implemented Implemented and published on council website
3	The contract for Tree/Hedge/ Works 01/08/2023 (Pond Works Walled Garden) CCNW £4,648.90 was awarded to one supplier after council determined the supply was specialist.	*When a contract is determined as exempt from the standard procurement requirements for FRs, the exemption paragraph relied upon in the FRs should be referenced.*	No further procurement issues identified in 2024/25 internal audit

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4	Bank reconciliation review: The Unity account statement balance in the year end bank reconciliation is recorded as £86909.27, however, the actual year-end balance is £86906.88 per the UNITY bank statement.	*The difference between SCRIBE and the actual bank statements should be investigated and any amendments required posted to ensure the bank reconciliation in SCRIBE agrees to all year end bank statements.* *(NB Clerk has identified the issue and will adjust April 2024 to correct.)*	See bank reconciliation issues identified in 2024/25 internal audit
5	The council did not comply with Regulation 15 of the Accounts and Audit Regulations 2015 as it failed to make proper provision for the exercise of public rights for the 2022/23 accounts. The public notice period for inspecting the accounts was for 37 days rather than the statutory required period of 30 days.	*The council must comply with the requirements of the Accounts and Audit Regulations 2015 with respect to the notice for the exercise of public rights.*	2025/26 follow up - implemented 2024/25 follow up - Recommendation outstanding
6	We are informed the council is updating and launching a new website. The information reviewed at the time of the internal audit indicated the following were not published, either in accordance with the Transparency Code or the Audit Regulations Section 13 (2): - payments over £500	*The council must ensure that it complies fully with the publication requirements of all Regulations and the Local Authority Transparency Code 2015.*	2025/26 follow up - implemented 2024/25 follow up - Recommendation outstanding

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	- 5 years of AGAR accounts published on the website In addition , the following contract information required by the Transparency Code could not be identified: PUBLICATION 32. Local authorities must also publish details of any contract, commissioned activity, purchase order, framework agreement and any other legally enforceable agreement with a value that exceeds £5,000. For each contract, the following details must be published: - *reference number* - *title of agreement* - *LA department responsible* - *description of the goods and/or services being provided* - *supplier name and details* - *sum to be paid over the length of the contract or the estimated annual spending or budget for the contract* - *Value Added Tax that cannot be recovered* - *start, end and review dates* - *whether or not the contract was the result of an invitation to quote or a published invitation to tender, and* - *whether or not the supplier is a small or medium sized enterprise and/or a voluntary or community sector*		

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	organisation and where it is, provide the relevant registration number		
7	Although councillor periodic checks cover expenditure and payroll, the current checks do not review the accuracy of pricing of income invoices.	*Councillor periodic checks should be expanded to cover the accuracy of pricing of income invoices by comparing a sample of sales invoices to price lists.*	No further evidence provided for 2024/25 for implementation of this issue