

# Cholmondeley and Chorley Parish Council

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## Formal Response to Internal Audit Report 2024/25

Prepared by: The Clerk/RFO

Date: 24 June 2025

Following receipt of the Internal Audit Report undertaken by Mr Adam Keppel-Green FSLCC MCMI, the Council thanks the auditor for his thorough review and the helpful observations provided. The Parish Council is committed to continual improvement and transparency, and the following table outlines our formal response to each point raised, detailing the corrective and proactive measures now in place.

### Section A: Follow-Up to 2023/24 Internal Audit

Ref	Auditor's Comment	Council's Response
1	AGAR figures for 2022/23 and 2023/24 were not amended due to immateriality and lack of source records.	<p>Reference 1 – AGAR Figures for 2022/23 and 2023/24</p> <p>The Council acknowledges that AGAR figures for 2022/23 and 2023/24 were not retrospectively amended. This decision was taken following a careful and transparent review of the situation, and in line with sector guidance and professional advice.</p> <p>Due to the absence of comprehensive supporting documentation from the prior administration, it was not possible to confidently verify or reconstruct certain transactions. As such, and having applied reasonable judgement, the RFO concluded that amending</p>

the submitted figures would not be appropriate without a reliable audit trail.

To inform this decision, the RFO sought advice and corresponded with the Council's previous internal auditor, with the Chartered Institute of Internal Auditors, and reviewed guidance from the National Association of Local Councils (NALC) and the JPAG Practitioners' Guide. Specifically, the JPAG Guide (2023 edition, Section 2.15) advises:

“Authorities are not expected to amend prior year AGARs unless material errors are identified. Judgement must be applied, and immaterial differences need not result in restatement if they do not impact the understanding of the financial position.”

Based on this guidance, and taking into account the scale and nature of the discrepancies, it was determined that the figures in question were not material to the overall financial position of the Council. Amending them without adequate evidence could potentially have introduced further uncertainty rather than

resolving it.

The Council also remained in correspondence with Cheshire Association of Local Councils (ChALC) during this period in relation to broader legacy administrative challenges and was committed throughout to acting transparently and lawfully.

Robust systems are now in place to ensure complete audit trails, accurate financial reporting, and compliance with all statutory requirements. These improvements are already being applied to the 2024/25 financial year and beyond.

2	Review of VAT – recovery was pending.	VAT has been properly accounted for. A VAT reclaim was submitted promptly. Internal controls are in place to ensure timely reclaiming going forward.
3	Interest error repeated in 2024/25 AGAR.	Please refer to Reference 1. The Council acknowledges that the interest omission was repeated, but due to the immateriality and nature of the error, it was decided not to revise the 2023/24 figures. This decision aligns with the rationale previously stated. Enhanced accounting procedures and controls are now in place to

		prevent similar issues in the future.
4	Certificate of Exemption was corrected.	Noted. The Council is committed to accuracy in all statutory forms and will continue to ensure all future exemptions are accurately completed.
5	Publication deadlines missed again due to late AGAR and audit.	See detailed response under Issue 1 below. Steps have now been taken to ensure future compliance with all statutory deadlines.

#### Section B: Issues Identified for 2024/25

Ref	Auditor's Finding	Council's Response
1	Assertion L: Transparency Code – Late Publication of AGAR	We acknowledge the delay. A new internal timetable has been created, with all key statutory deadlines diarised and a revised annual schedule of meetings agreed to ensure timely approval and publication before 30 June.
2	Assertion M: Exercise of Public Rights – Notice published outside statutory window	We accept the importance of strict statutory compliance. A statutory checklist has now been introduced to guarantee that the inspection period will always include the first 10 working days of July.
3	Assertion N: Publication of AGAR – As per item 1	Addressed as above. We have taken action to ensure all statutory documentation is published promptly and within the prescribed timescales.

## Section C: Other Governance Matters

Ref	Auditor's Finding	Council's Response
1	Approval of Annual Meeting Minutes was delayed by a year	This has now been rectified. The Council will ensure that Annual Meeting minutes are approved at the next ordinary meeting, and Standing Orders will be updated to reflect this.
2	Data Protection (ICO) registration lapsed	The Council has re-registered with the ICO and established a standing order to ensure continuous registration in future years.
3	Inconsistent tender thresholds between policies	Both Standing Orders and Financial Regulations have now been reviewed and harmonised. The threshold is now consistently stated across all documents.
4	Precept agreed before budget, reserves, and salaries were reviewed	While the Clerk confirms correct sequencing occurred, the Council acknowledges the need for better minute-recording. In future, minutes will explicitly document each step in the correct legal order, and this will be reflected in the 2026/27 budget cycle.
5	General Reserve of £706 is insufficient (22%)	The Council had previously acted in good faith based on guidance available at the time. However, we fully acknowledge the auditor's recommendation and agree that strengthening our general reserve is a prudent step. As part of the 2026/27

budget-setting process, the Council will adopt the reserve levels outlined in this audit—targeting a general reserve of 75–100% of the precept—and take phased steps to build towards this benchmark in a sustainable manner. The Council will also consult with the internal auditor during the review to ensure alignment with best practice and audit expectations..

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Manual AGAR errors: bank interest omitted, payroll underreported

The “AGR correction” sheet included in the working papers was an internal verification exercise carried out by the Clerk/RFO for 2024/25. This exercise identified and corrected figures before submission to the internal auditor and reflected the Clerk/RFO’s own checks, rather than adjustments made by an independent auditor. The Clerk/RFO also noted recommendations within that sheet, including the potential adoption of Scribe accounting software to further strengthen accuracy and financial reporting. Therefore, no action is required, as these were internal verification checks undertaken by the RFO. Apologies for any confusion caused.

## Final Comments

Cholmondeley and Chorley Parish Council would like to formally thank Mr Adam Keppel-Green for his professional and constructive internal audit for the financial year ending 31 March 2025. The Council values the audit process as an essential mechanism for strengthening governance, ensuring compliance, and maintaining public confidence.

Many of the matters raised have already been addressed or are actively being resolved. Where legacy or transitional issues arose—such as minor discrepancies in prior AGAR figures—decisions were taken transparently, based on the professional advice available, and applying reasonable judgement in line with sector guidance on materiality and proportionality. These actions were lawful, in good faith, and do not constitute non-compliance.

The Council remains fully committed to its obligations under the Transparency Code, the Accounts and Audit Regulations, and the JPAG Practitioners' Guide. We have strengthened internal controls, introduced statutory compliance checklists, improved minute-recording, and are reviewing the use of accounting software to further enhance accuracy and accountability.

Cholmondeley and Chorley Parish Council will continue to work constructively with the internal auditor and all oversight bodies to ensure that future audit submissions meet not only statutory requirements but sector best practice. We are grateful for the audit process and the assurance it provides to both the Council and the community we serve, and we remain committed to ongoing improvement, transparency, and sound financial governance.