

INTERNAL AUDIT REPORT

Cholmondeley and Chorley Parish Council

for the financial year ending 31st March 2025

This Internal Audit was undertaken in accordance with the guidance set out in the 2024 edition of the JPAG Practitioners Guide. Cholmondeley and Chorley Parish Council is a small authority which met the criteria for exemption from External Audit.

Work to address issues identified in 2023/24 Internal Audit

The Internal Audit for the financial year ending 31st March 2024 was undertaken by Paul Edwards of Afford Bond Chartered Accountants.

It identified five specific issues:

Ref	Issue	Follow Up
1	The AGAR figures for 2022/23 and 2023/24 should be amended so all figures disclosed are correct.	The council has elected not to change the figures due them being "immaterial". The Clerk has further advised that full records were not available to ascertain the precise causes of the discrepancies.
2	The council should review of all expenses, invoices and VAT to ensure VAT is correctly separated out and recorded.	The missing VAT was recovered. VAT appears to have been properly accounted for in the 2024/25 financial year, though a reclaim has yet to be made (which is not unusual for a council of this size)
3	The AGAR figures for 2022/23 and 2023/24 should be amended so all figures disclosed are correct.	I note that the error of missing bank interest has been repeated in the draft AGAR for 2024/25 and have made a recommendation in this regard.
4	The council should ensure that the certificate of exemption is completed correctly and the total gross income and total gross expenditure figures agree to the accounts	The document was corrected.
5	Failure to comply with publication requirements.	Due to delays in approving the AGAR and receiving a completed Internal Audit for

2023/24 this issue has been repeated and is covered below.
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Issues Identified 2024/2025

1 – Assertion L: Transparency Code

The Transparency Code requires publication of specific information by specific dates:

- End of year accounts (and associated documents) – by 1st July
- Annual Governance Statement – by 1st July
- Internal Audit report – by 1st July

The council did not publish the required documents in line with this requirement.

The AGAR was not completed until 9th July 2024, which prevented the publication of the end of year accounts by the statutory timescale. The Internal Audit for 2023/24 was not completed until March 2025.

The council should ensure that the complete AGAR is approved by 30th June 2025 and the documents for 2024/25 are published in line with the statutory requirements.

2 – Assertion M: Exercise of Public Rights

The Clerk has advised that an initial notice was published on 30th June 2024 with a period concluding 14th August 2024, however, the version available on the council's website is dated 12th July 2024 and provides a period of 15th July to 23rd August, this is outside the required period which must include the first 10 working days of July.

The minutes of the meeting held 9th July 2024 state that "the council agreed to temporarily remove the initial notice" yet include a post-meeting note that the "notice was revised to reflect the formally approved dates and re-published on the council's website. The revised notice will set the period for the exercise of public rights in compliance with statutory requirements, with the inspection period ending on August 14, 2024"

The matter is sufficiently unclear to warrant a No in this assertion and I can only make a determination on the notice published on the council's website which records dates outside the statutory period.

3 – Assertion N: Publication of AGAR

As (1).

Other Governance Matters

The following matters do not affect the assertions of the Internal Audit Report provided on the AGAR but concern the authority's adherence to good governance and relevant legislation.

The council should address all actions within the next 12 months; failure to address recommendations may affect the assertions in the 2025/26 internal audit report.

Ref	Issue	Recommendation
1	The minutes of the council's annual meeting were not approved until the following annual meeting.	The minutes of the annual meeting should be approved at the next ordinary meeting of the council. There is no reason to separate the annual meeting from the ordinary May meeting, but should the council continue to do so both minutes should be approved at the next meeting.
2	The council is not recorded as a data controller on the ICO register, there is no evidence of paying the subscription during the audit year.	The council has been registered previously, and the subscription appears to have lapsed. The council processes personal data and as such must ensure it is registered.
3	The council's standing orders refer to a £25k tender threshold. Financial Regulations refer to a £60k threshold.	The council should ensure the threshold is identical in both policies
4	The Local Government Finance Act 1992 specifies how a precept is to be determined, namely that it follows determination of the budget and reserves. In November 2024, the minutes record that the council set a precept before agreeing a budget, reviewing reserves and reviewing pay.	<p>It is noted that the Clerk reports that the precept followed approval of the other matters the council's minutes do not reflect this sequence. The minutes should clearly demonstrate the council has followed due process.</p> <p>In setting the precept for 2026/27, the council should follow the correct process, and this should be evidenced in the minutes:</p> <ul style="list-style-type: none"> a) Review staff salaries b) Agree the budget for 2026/27 c) Agree the required reserve levels d) Calculate the arising precept
5	The council has provided a breakdown of its reserves. It reports seven earmarked reserves, and a general reserve of £706. A £706 general reserve is only 22% of its net expenditure which is insufficient; for a small	<p>The council should review its reserves as part of setting the 2026/27 precept.</p> <p>It should ensure it has a general reserve level in line with SAPPP guidance of a small authority having near 12 months expenditure as a general reserve.</p>

authority a reserve closer to the 75-100% of the precept is recommended.

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| <p>6 The submitted AGAR was incorrect. It calculated to a balance carried forward of £7,956. This was due to bank interest not being recorded in Box 3 and payroll expenditure being missed in Box 6.</p> | <p>The AGAR was manually calculated from the council's accounting spreadsheet which led to the errors. I note that this has been an issue in previous years.</p> <p>The AGAR should be corrected before approval.</p> <p>The RFO should review the accounting spreadsheets and consider changes to prevent errors in the future. Alternatively, the council should use an accounting system such as Scribe or Rialtas.</p> |
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