Annual Internal Audit Report 2024/25

NEWHALL PARISH COUNCIL

www.newhallparishcouncil.org.uk

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.	✓		
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.	N/A		
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).*	✓		

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

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: 27/05/2025

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

Signature of person who carried out the internal audit: [signature]

Date: 27/05/2025

*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
NEWHALL PARISH COUNCIL
2024/25

The internal audit of Newhall Parish Council was carried out by undertaking the following tests 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 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)
- 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.

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 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

ACTION PLAN

	ISSUE	RECOMMENDATION	FOLLOW UP
2024/25 internal audit			
1	The defibrillator purchased from the British Heart foundation includes VAT of £215.67. The document provided to support the purchase appears to be an order rather than a VAT invoice. The VAT element of the purchase has not been recorded in the VAT column of the cashbook. In addition, the asset has been recorded gross of the recoverable VAT in the asset register.	*The council must secure a VAT invoice from the provider and ensure the VAT of £215.67 forms part of the VAT reclaim for 2024/25.* *The cashbook should be amended to show the VAT element of this purchase in the VAT column.* *Assets should be recorded in the asset register at purchase cost, which is the net cost of the asset as the VAT is reclaimable.*	**Nb The clerk has advised that a VAT invoice has been obtained, the VAT will be reclaimed as a separate claim, and the asset register has been revised to record the asset net of reclaimable VAT.**
2023/24 internal audit			
1	Fixed assets are disclosed as £nil in the AGAR accounts for both the 2022/23 comparative and 2023/24, however, the council asset register comprises a £589 noticeboard which was disclosed in the	*The 2023/24 AGAR accounts should be amended to include the £589 noticeboard fixed asset for 2023/24 and the 2022/23 comparative.*	**Implemented**

	AGAR in 2022/23 accounts.		
2	The VAT column in the cashbook has been cast incorrectly to £236.10. The total VAT for the year totals £241.06. The correct amount of VAT has been included in the VAT reclaim form	*The cashbook VAT total for 2023/24 should be amended to the correct figure of £241.06*	**Recommendation Outstanding – no total is currently included in the 23/24 Vat column.**
2022/23 internal audit			
No issues arising – a robust set of books and records has been maintained throughout the financial year and all internal control objectives were met.			
2021/22 internal audit			
1	The year end bank reconciliation was carried out at 04/04/2022 instead of the required 31/03/2022, therefore, cheques shown as presented were actually unpresented as at March 31st. This does not affect the balance carried forward.	*The bank reconciliation must always be carried out using the March 31st balances.*	**Implemented**
2	Fixed assets are disclosed as £nil in the AGAR accounts, however, the council purchased a noticeboard during the year.	*A complete, accurate and up to date fixed asset register should be maintained.*	**Implemented**
3	The clerk's contract of employment is	*The contract of employment should be*	**Implemented**

	signed but working hours and salary scale are not completed.	*completed for all relevant sections.*	
2020/21 internal audit			
1	The council Financial Regulations require the following with respect to medium term financial planning : *3.1. Each committee shall review its three year forecast of revenue and capital receipts and payments.* *3.3. The council shall consider annual budget proposals in relation to the council's three year forecast of revenue and capital receipts and payments* However, there is currently no three year rolling revenue and capital financial plan in place.	*The council should either establish a rolling three year financial plan for revenue and capital as required by the current Financial Regulations (FRs) or update FRs to reflect the current annual budget procedure.*	**Implemented**
2019/20 internal audit			
1	The updated model Financial Regulations refer in section 10.) to a Purchase Order	*If the Purchase Order section of the FRs is an accepted requirement by council, then*	**Implemented**

	(PO) system (which would also clearly evidence the authority to spend). However, no PO system is currently in place. Section 4.) of the Financial Regulations (FRs) for Authority to Spend require a Chair and the Clerk to certify expenditure up to £500 and a duly delegated committee of the council for items over £500 and the council for items over £5000. However, it is not clear from our internal audit sample testing that the Authority to Spend requirements of the model Financial Regulations are applied to all expenditure.	*the council should establish a sequential Purchase Order system as required by the updated model Financial Regulations and ensure Purchase Orders for expenditure up to £500 are signed by a Chair and clerk, and POs for expenditure in excess of £500 include the minute reference on the PO evidencing the committee/council authority to spend.* *The council should review the updated NALC model FRs and determine which sections are appropriate to the scope and activity of the council.*	
2	The 2018/19 internal audit report or AGAR internal audit certificate were not published on the website as required by the Transparency Code.	*All the information required by the Transparency Code should be published on the website for each financial year.*	**Implemented**
3	There was no signed confirmation of receipt for the donation to the British Legion	*A signed confirmation of receipt should be secured for each donation*	**Noted**