

INTERNAL AUDIT REPORT 2025/26
HULME WALFIELD & SOMERFORD BOOTHS PARISH COUNCIL

The internal audit of Hulme Walfield and Somerford Booths 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 the 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.

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

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ACTION PLAN

	ISSUE	RECOMMENDATION	FOLLOW UP
2025/26 internal audit			
1	<p>The defibrillator and signs were entered into the asset register at approximate gross cost. The asset register uses purchase cost for the value of assets and therefore the assets should be added net of VAT, which is reclaimed. The net purchase cost of each of these items (including carriage) per the invoices were :</p> <p>Defibillator £995 Signage £2562</p>	<p><i>If the council is using purchase cost to include an asset in the asset register, then the net value should be used as VAT is reclaimed</i></p>	
2	<p>The council has not completed box 11 on the draft AGAR accounts page. The response to this box should be 'YES' if the council is not a sole trustee. The response should only be 'NO' if the council is a sole trustee and it has erroneously included trust transactions with the council accounts.</p>	<p><i>The draft AGAR should be amended as noted to a YES response for box 11.</i></p>	

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	ISSUE	RECOMMENDATION	FOLLOW UP
2024/25 internal audit			
1	<p>ASSETS</p> <p>The total fixed assets value for the year ending March 2025 is entered incorrectly into the AGAR as this year's asset additions are not included. The assets register lists a total value of £4043.33 but £3091 is disclosed in the AGAR accounts.</p> <p>The asset register itself is incorrect. For instance, the grit bin and bench purchased this year were entered into the asset register with the VAT included. VAT is reclaimable and therefore all assets should be recorded net of reclaimable VAT.</p>	<p><i>A complete and accurate asset register must be maintained from year to year with the correct figure for fixed assets disclosed in the AGAR accounts.</i></p>	See 2025/26 fixed asset issue
2023/24 internal audit			
1	<p>The draft AGAR included an incorrect figure in the exemption certificate for total 2023/24 payments.</p>	<p><i>The completed draft AGAR accounts and exemption certificate should be reviewed for consistency after completion.</i></p>	The clerk amended the draft AGAR and resubmitted the final corrected version for internal audit.

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	ISSUE	RECOMMENDATION	FOLLOW UP
2022/23 internal audit			
1	No invoice had been retained to evidence the expense claim for printer ink of £7.77 claimed in February 2023.	<i>Invoices must be secured and retained for all expenditure to evidence the item of spend and to enable the VAT element to be reclaimed.</i>	Implemented
2	Recommendations are outstanding relating to previous internal audits	<i>Internal audit recommendations should be implemented on a timely basis.</i>	Implemented
2021/22 internal audit			
1	Online payments are authorised by two councillors signing the invoice, however, the invoice for the payment to Crewe colour printers of £285.60 dated 19/04/2021 was not signed by two councillors.	<i>All online payments must be authorised by two councillors as required by the Financial Regulations.</i>	Implemented
2	The level of general reserves, which is calculated by subtracting earmarked reserves of £13483 from total reserves of £28835, is 133% of the precept level. The level of general reserves	<i>The council should review the level of general reserves with reference to sector guidance.</i>	Implemented

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	ISSUE	RECOMMENDATION	FOLLOW UP
	recommended by sector guidance is between 25% and 100% of the precept.		
3	Cashbook staff cost payments for the clerk's salary and HMRC total £3,437.20. Staff costs disclosed in the AGAR are £3,151, which is £286.20 lower. A note is included with the staff cost analysis that the council were only responsible for paying a portion of the employee costs, however, the staff costs per the cash book and the AGAR still do not agree.	<p><i>The council should review the AGAR accounts and ensure they are corrected to show the actual staff costs paid in the cash book.</i></p> <p><i>The council must include a separate column in the cashbook for staff costs so it would be obvious at the year-end what the total staff costs are to be disclosed in the AGAR accounts.</i></p>	<p>2022/23 follow up – Again no analysis of staff costs included in the AGAR accounts and linking to the cashbook was provided for 2022/23</p> <p>2023/24 follow up - Implemented 2022/23 follow up – Recommendation Outstanding</p>