

**INTERNAL AUDIT REPORT
GREAT SANKEY PARISH COUNCIL
2024/2025**

The internal audit of Great Sankey Parish Council was carried out by undertaking the following tests as specified on the 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)
- Year end testing on the accuracy and completeness of the financial statements

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
1	<p>The financial regulations require that the Clerk shall obtain 3 formal written quotations for the Council/Finance Committee to consider for contracts over £3000.</p> <p>For the following contracts, we did not see evidence that three quotes were obtained before the contract was awarded:</p> <ul style="list-style-type: none"> • Plastic panelling contract at Whittle Hall Community Centre £3,535 • BB Stairwell contract – evidence seen that two quotes were obtained. • Mass bulb planting contract £23,616. Other quotes were not obtained because the style of mass planting is done with a specialist machine, only offered by this Company. 	<p><i>Contracts should be awarded as per the financial regulations of the Council.</i></p> <p><i>When three quotes can't be obtained, the reasons for this should be recorded in the council minutes when the contract is awarded.</i></p>	<p>Reasons are recorded in the minutes of the Finance Committee meeting which considers quotes before making recommendations to Council.</p> <p>Resolved: to ensure reasons for considering less than 3 quotes is recorded in the minutes of the Finance Committee Minutes if it has not been possible to obtain 3.</p>
2	<p>It is difficult to follow through from the monthly cash books to the figures entered in the ETB and therefore the resulting income and expenditure accounts.</p> <p>The balances used for both receipts and payments are £2867.81 lower than the balances in the monthly cash book.</p> <p>Currently balances are transferred from the</p>	<p><i>The council should consider utilising a parish council bespoke accounts package which would have a clearer audit trail and would assist in monthly budgetary reporting.</i></p>	<p>Resolved: to investigate options & costs for accounts software.</p>

**INTERNAL AUDIT REPORT
GREAT SANKEY PARISH COUNCIL
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	monthly cash book spreadsheets to budget monitoring sheets and the ETB spreadsheet.		
3	<p>Budgetary Control: The newly adopted Financial Regulations do not contain any controls over budget virements or budgetary control reporting as currently the new FRs state only the following:</p> <p><i>4.9. The agreed budget provides a basis for monitoring progress during the year by comparing actual spending and income against what was planned.</i></p> <p>The previous model Financial Regulations contained both detailed controls for virement authorisations and budgetary control reporting as follows:</p> <p><i>4.2. No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the council, or duly delegated committee. During the budget year and with the approval of council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate ('virement').</i></p>	<p><i>The council should ensure that appropriate internal controls over virements and budgetary control reporting are incorporated into the adopted Financial Regulations.</i></p>	<p>Resolved: To review the Financial Regulations regarding virements and budgetary control reporting as clauses appear to have been missed from the most recent update.</p>

**INTERNAL AUDIT REPORT
GREAT SANKEY PARISH COUNCIL
2024/2025**

	<i>4.8. The RFO shall provide quarterly the council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter and shall show explanations of material variances. For this purpose “material” shall be in excess of £xxx or xx% of the budget.</i>		
Follow up of 2022/23 internal audit recommendations			
1	<p>There is no current adopted Investment Strategy and Treasury Management strategy.</p> <p>Guidance on Local Government Investments is issued under section 15(1)(a) of the Local Government Act 2003. The guidance applies to all local authorities in England and applies to Town & Parish Councils providing their total investments exceed or are expected to exceed £100,000 at any time during the financial year.</p>	<i>The council should consider establishing an Investment Strategy and Treasury Management strategy with reference to the requirements of the Local Government Act 2003.</i>	Implemented
2	<p>Included within reconciling items in the bank reconciliation is a payment of £1977. This is a final payment for a contract which hasn't been paid because the work is not</p>	<i>The bank reconciliation should be amended to remove this reconciling item. This would amend the the total cash & investments on the annual return to</i>	Restated on the 24/25 annual return

**INTERNAL AUDIT REPORT
GREAT SANKEY PARISH COUNCIL
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	<p>completed. This should not appear in the bank reconciliation as a reconciling item. This amount should appear in the accounts as a creditor. The Council were unable to provide statements verifying the balances at the year-end on individual Equals Cards due to staff absences at the year -end and difficulties obtaining historic information.</p>	<p>395,338. <i>The balance sheet should be amended so that this item is a creditor and not a reconciling item in the cash book.</i> <i>Year-end balances should be requested from Equals.</i></p>	
3	<p>Testing of a sample of payments identified:</p> <ul style="list-style-type: none"> • A receipt was not available for a £230 skip hire payment made with the Equals card. We also could not locate approval for this payment in the minutes (although top up of the Equals card was approved). 	<p><i>Receipts should be obtained for all transactions using the Equals card.</i> <i>Payments should be reported to Council.</i></p>	<p>Receipts available for items tested in 24/25. Card payments are not recorded separately in the minutes.</p>
4	<p>We could not locate on the Council website the following information required by The Transparency code for larger councils:</p> <ul style="list-style-type: none"> • Details of contracts over £5000 • Information about land and building assets 	<p><i>The Council must ensure that the council website meets the requirements of The Local Government Transparency Code. 2015</i></p>	<p>Implemented</p>