Black Rose Solutions Limited

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16th May 2025

Dear Melanie,

Cheslyn Hay Parish Council – Internal Audit 2024/25

I confirm that I have carried out an examination of your accounts and procedures, in line with the Practitioners Guide 2024 and in accordance with the requirements of the Accounts and Audit Regulations 2015.

I can state that I found no material errors, omissions or irregularities in your financial records and I have no significant concerns about your internal control procedures.

Please refer to the enclosed report for further details of the audit work covered.

I would also confirm that I am totally independent of your Council and have no contact with any Member or employee.

Yours sincerely,

S Morris

Mrs Sandra Morris ACMA

Enc
Full Internal Audit Report

Comments marked **REC** denote an issue recommended for action as it may affect the Internal Audit response on the AGAR (Annual Governance and Accounting Return).
Comments marked **note** are included for reference or information.
Items referenced **FR** – relates to clause in the council's financial regulations.
Items reference **PG** – relates to a clause in the practitioners Guide.

Black Rose Solutions Ltd

Internal Audit - Report

Name of Council - **Cheslyn Hay Parish Council**
Date of Audit - **16th May & 7th March 2025**

Annual Return - Internal Control Objectives

A. Appropriate accounting records have been properly kept throughout the financial year.	YES
Is the cashbook maintained and up to date?	yes
Is the cashbook arithmetic correct?	yes
Is the cashbook regularly balanced?	yes
The council uses the RBS Omega financial system, no issues were noted	

B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	YES
Are payments supported by invoices?	yes
Is all expenditure approved?	yes
Is VAT appropriately accounted for?	yes*
Does the Council hold Power of Competence?	no
Re adopted?	n/a
If not, does the council monitor s137 expenditure against limit?	yes
A few minor discrepancies were noted in the VAT figures entered into the cashbook. These have been resolved in the next return. Councillors may help to pick up these VAT data entry issues while reviewing payments due listings to invoices.	note

C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	YES
Does a review of the minutes identify any unusual financial activity?	no
Do minutes record the council carrying out an annual risk assessment?	yes
Is Insurance cover appropriate and adequate?	yes
Are internal financial controls documented and regularly reviewed?	yes
	Review
Risk Assessment	12/03/2025
Financial Regulations	12/03/2025
Standing Orders	12/03/2025

D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	YES
Has the council prepared an annual budget in support of its precept?	yes
Is actual expenditure against the budget regularly reported to the council?	yes
Are there any significant unexplained variances from budget?	no
Does the precept recorded agree to the Council Tax authority's notification?	yes
Are reserves appropriate?	yes*
Earmarked Reserves	37,138
General Reserves	59,230
Months of Income	2
Months of expenditure	2
The council holds general reserves (to cover cash flow and contingencies) below the recommended 3 to 12 months of Net Revenue Expenditure	note

E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	YES
Is income properly recorded and promptly banked?	yes
Are security controls over cash and near-cash adequate and effective?	yes
Is the council VAT registered?	yes
Are returns submitted in a timely manner?	yes
Is VAT reclaimed on exempt business activities reviewed and considered insignificant?	yes
Are receipts for business activities within the registration threshold?	n/a

F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	YES
Is all petty cash spent recorded and supported by VAT invoices/receipts?	yes
Is petty cash expenditure reported to each council meeting?	yes
Is petty cash reimbursement carried out regularly?	yes

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.	YES*
Do all employees have contracts or employment with clear terms and conditions?	yes
Do salaries paid agree with those approved by the council?	yes
Are other payments to employees reasonable and approved by the council?	yes
Have PAYE/NIC been properly operated by the council as an employer?	yes
Does line 4 include only Salary, NI & Pension	no
Does the council monitor off payroll working (IR35)	tbc
Line 4 Staff Costs also includes payments for mileage and payroll admin. PG 5.158. The amount in line 4 should comprise gross salary, employer's National Insurance, employer's pension contributions and any taxable allowances processed through the payroll.	REC

H. Asset and investments registers were complete and accurate and properly maintained.	YES*
PG.H.3 • Ideally, the register should identify for each asset the purchase cost and, if practicable, the replacement / insured cost, the latter being updated annually and used to assist in forward planning for asset replacement	**
PG.H.6 • Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured or "self-insured" by the Authority	**
Does the council maintain a register of all material assets owned or in its care?	yes*
Are the assets and investments registers up to date?	yes
Do asset insurance valuations agree with those in the asset register?	yes*
The AGAR valuation is compiled from various sources, and annual changes are substantiated with a list of additions and disposals. The council has consolidated various lists into a single Asset Register using insurance valuations, but the effort needed to find historic costs for older items seems excessive. The council will consider moving to reporting the asset valuation as insurance value during the 25/26 year.	note

I. Periodic and year-end bank account reconciliations were properly carried out.	YES
Is there a bank reconciliation for each account?	yes
Is a bank reconciliation carried out regularly and in a timely fashion and approved by council?	yes
Are there any unexplained balancing entries in any reconciliation?	no
Is the value of investments held summarised on the reconciliation?	n/a

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.	YES
PG.J.2 • Ensure that appropriate accounting arrangements are in place to account for debtors and creditors during the year and at the financial year-end	ok*
Are year end accounts prepared on the correct accounting basis (receipts and payments or income and expenditure) ?	I&E
Are debtors and creditors properly recorded?	yes*
Do accounts agree with the cashbook?	yes
Is there an audit trail from underlying financial records to the accounts?	yes
The invoice covering wages and salaries for March is paid in April, so would technically be treated as an accrual/creditor and included in the financial year to which it relates. The last few room hire invoices of March have not been paid until April, so would be treated as a Debtor. As this is the same situation for both year on year, the adjustment does not seem material. 5.128. When preparing year-end adjustments, authorities need to take into account • deciding on a level of materiality for adjustments – income and expenditure needs to be shown fairly, but excessive accuracy is not beneficial	note

K. If the authority certified itself as exempt from a limited assurance review in 23/24, it met the exemption criteria and correctly certified itself exempt	N/a
The council did not certify itself exempt	

L. The authority publishes information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	YES
All councils - Accounts and Audit Regulations 2015 **Accounts remain published for 5 years**	yes
Transparency Code for Larger Authorities (income/expenditure >£200k)	
Quarterly:-	
All items of expenditure above £500	yes*
Government Procurement Card transactions	n/a
Procurement information (initiations to tender > £5k)	n/a
Annually:-	
local authority land	yes
social housing assets	n/a
grants to voluntary, community and social enterprise organisations	yes
organisation chart	yes
trade union facility time	n/a
parking account	n/a
parking spaces	n/a
senior salaries (>£50k)	n/a
constitution (standing orders)	yes
pay multiple	yes
social housing fraud	n/a
One off:-	
Waste contracts	n/a
The council falls above the larger authority thresholds for Transparency requirements so the code details information which should be published. Freedom of Information regulations may also be relevant.	
All items of expenditure above £500 are published annually, the code suggests this be done quarterly. This process has now been amended to publish quarterly.	note

M. The authority has demonstrated that during summer 2024 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations. (Evidenced by website or minutes)	YES
Approval Date (meeting)	12/06/2024
Publication Date (announcement date)	14/06/2024
Date from (commencement date)	17/06/2024
Date to	26/07/2024

N. The authority has complied with the publication requirements for 2023/24 AGAR.	YES
Notice of Period for Exercise of Electors Rights	yes
Section 1 Annual Governance Statement	yes
Section 2 Accounting Statements	yes
Notice of Conclusion of Audit	yes
Section 3 External Audit Report & Certificate	yes
Internal Audit Report	yes

O. Trust funds (including charitable) – The council met its responsibilities as a trustee.	N/a
The council is not a trustee. Councillors are trustees of Charity ref 522639 (the council is not named). It is a dormant charity which was in the process of being closed however an issue has prevented this. Charity Commission filings are up to date.	