

# Annual Internal Audit Report 2024/25

## HILL & MOOR PARISH COUNCIL

<https://hillandmoorpc.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.			✓
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. <i>(If the authority had a limited assurance review of its 2023/24 AGAR tick "not covered")</i>	✓		
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 <i>(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)</i> .	✓		
N. The authority has complied with the publication requirements for 2023/24 AGAR <i>(see AGAR Page 1 Guidance Notes)</i> .	✓		
<b>O. (For local councils only)</b> Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

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

26/04/2025

Name of person who carried out the internal audit

G M Lungley

Signature of person who carried out the internal audit

SIGNATURE REQUIRED

Date

26/04/2025

**\*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).



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## Hill and Moor Parish Council Annual Internal Audit Report 2024/25

Having been appointed at the parish council meeting held 3<sup>rd</sup> October 2024, I have now completed an internal audit of the parish council's accounts and governance procedures.

Included in this annual review is my understanding of those procedures which support the completed Annual Internal Audit Report section of the AGAR for 2024/25. The signed copy is returned herewith.

The role of the Internal Auditor is to review systems rather than undertake detailed checks that are more appropriately the responsibility of the council, however in this report I have included a few recommendations as '**Comment**' where there is potential for improvement.

I confirm I have acted independently of the council to produce this report.

In general, I have found the records of the council's accounts and governance procedures to be well kept, and would like to thank your Clerk, Carol Hirst for her assistance in preparation of this report.



Gill Lungley  
Internal Auditor  
26/04/2025



## Introduction

The Accounts and Audit Regulations 2015 require all parish and town councils to prepare an Annual Governance and Accountability Return (AGAR). The process expects the council to conduct a review of the effectiveness of their system of internal control in accordance with proper practices relating to accounts, and appoint a competent, independent person to undertake an internal audit.

As part of that review process, Hill and Moor Parish Council has appointed me to undertake the annual internal audit. The role of the Internal Auditor is to look through the council's processes and procedures and, where necessary, make recommendations (here noted as '**Comment**') intended to support improvement of the Council's governance.

The primary objectives of Internal Audit are to:

- i. review, appraise and report upon the adequacy of governance and internal control systems operating throughout the council, for which I will adopt a predominantly systems-based approach; and
- ii. carry out an annual inspection of the books and records of the council.

## Scope of Work

In keeping with Proper Practices, I have checked the following key areas for compliance:

- A. Proper bookkeeping
- B. Payment controls in relation to Financial Regulations
- C. Risk management and Financial Internal Controls
- D. Budgetary controls
- E. Income controls
- F. Petty cash procedures (if applicable)
- G. Payroll controls
- H. Assets and investments
- I. Bank reconciliations.
- J. Accounting statements and application of spending powers
- K. Exemption criteria (if applicable)
- L. Website and transparency code
- M. Public Rights notice and dates
- N. Publication of previous AGAR
- O. Review of the status of Trusts (if applicable)

**Please note:** Reference to "Proper Practices" is to the annual publication from the Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide. In this case it refers to the edition for the financial year 2024/25, which is available online here: <https://www.saaa.co.uk>

AGAR certificate reference	Internal Audit action for expected controls, as specified in ' <a href="#">Governance and Accountability for Smaller Authorities in England</a> ', March 2024	
A.	<b>Appropriate accounting records have been properly kept throughout the year.</b> It is noted the council uses an excel spreadsheet for the bookkeeping.	
	<b>(1) Roll forward</b> of the prior year cashbook balances to the new financial year. Box 7 2024 = £34,933.70; Bank reconciliations during the year show appropriate calculations relating to previous year's figures. See also Appendix A.	✓



	<p><b>(2) Financial transactions in cashbooks relative to bank statements, etc:</b> the sample size dependent on the size of the authority and nature of accounting records maintained. Attached as appendix A.</p> <p><b>Comment:</b> If the council is unable to find a statutory power that allows it to lawfully spend money on doing something, it needs to refer to the 'power of last resort' via the Local Government Act 1972, s137. A separate accounting record must be kept for all spending under this heading. For 2024/25 this was £10.81 per elector.</p>	✓
	<p><b>(3) Bank Reconciliations</b></p> <p>Are bank reconciliations prepared routinely and subject to independent scrutiny and sign-off by members?</p> <p><b>Comment:</b> A bank reconciliation is prepared, noted and minuted at each meeting. In support of openness and transparency it would be helpful to record the actual figures in the minutes.</p>	✓
	<p><b>(4) Year-end bank reconciliation and accuracy of the combined cash and bank balances on AGAR s2, line 8.</b></p> <p><b>Comment:</b> For the year ending 31/03/2024, the combined cash and bank balances on AGAR s2, line 8 matched the bank statements. In appendix A I have prepared a bank reconciliation up to 31/12/2024 only.</p>	✓
	<p><b>(5) Investment strategy if bank balances are more than £100,000</b></p> <p>It is good practice to consider adopting an investment strategy if funds of more than £10,000 are retained in an interest-bearing account.</p>	
B	<p><b>This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for.</b></p>	
	<ul style="list-style-type: none"> <li>Review the procedures in place for acquisition of formal tenders and quotes, ensuring they are in line with the <a href="#">Standing Orders and Financial Regulations</a> which should be based on the latest version.</li> </ul> <p><b>Comment:</b> The Financial Regulations are based on the NALC model which has been updated since the parish council's last recorded review. Ensure when reviewing the Financial Regulations to edit them to fit the needs of Hill and Moor PC rather than assume one-size-fits-all. The minutes record the Standing Orders were reviewed in 2024 but the copy on the website has not been updated to reflect this. NB The NALC model has since been updated (March 2025)</p>	✓
	<ul style="list-style-type: none"> <li>Review the procedures for receipt of invoices, agreement of invoice detail and confirmation of goods / services delivery and approval for payment: ideally, a suitably designed certification stamp should be in place providing for evidencing of these checks and payment authorization.</li> </ul> <p><b>Comment:</b> All payments are supported by invoices and are reported to the following council meeting for approval, and minuted.</p>	✓



	<ul style="list-style-type: none"> <li>Check there is effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments.</li> </ul> <p><b>Comment:</b> Online payments require at least two signatories to authorize confirmation before funds are released, which is good practice.</p>	✓
	<ul style="list-style-type: none"> <li>Check VAT reclaims are prepared and submitted in a timely manner in line with the underlying records and in accordance with current HMRC requirements.</li> </ul> <p><b>Comment:</b> VAT is appropriately recorded in the bookkeeping spreadsheet. A reclaim was submitted in Feb 2025 covering the previous 15-month period and received a few weeks later. The receipt should have been minuted at the March 2025 meeting.</p>	✓
C	<b>This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</b>	
	<p>The minutes of the annual parish council meeting held 09/05/2024 record the council reviewed and noted its risk assessments for the playing field and mower, the risk management assessment and the risk schedule.</p> <p>It is noted that the Risk Schedule is dated 2023.</p> <p>An appropriate insurance policy has been taken out for the year.</p> <p><b>Comment:</b> the Asset Register records H&amp;MPC is responsible for 32 lights at £400 each. Whilst the register relates to historic costs, the parish council should be aware of, and record, the replacement and insurance costs.</p>	✓
D	<b>The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</b>	
	<p>Hill and Moor PC considered, approved and adopted the annual precept for 2024/25 in accordance with the required parent Authority timetable at its meeting held 02/11/2023.</p> <p>Budget reports are prepared and submitted to each meeting of the parish council where the minutes state they are noted. A significant variance has been the receipt of s106 monies for playing field works.</p> <p>The regular bank reconciliation reports include reference to reserves such that it is clear to see how money other than within the general fund has been allocated.</p> <p>The Hill and Moor PC precept received for 2024/25, £17,600 matches the amount recorded in the <a href="#">public record of precepted amounts</a>.</p>	✓
E	<b>Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.</b>	
	<p>Hill and Moor PC is involved in the Lengthsman Scheme partnership with Worcestershire County Council which reimburses the parish council for work carried out on the highways. A monthly account is maintained, and receipts from WCC are evidenced in the report to the parish council meetings.</p> <p>The annual precept is received in two equal amounts during the year; the appropriate amount has been received and reported.</p>	✓



F	<b>Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for</b>	
	No petty cash system is used.	
G	<b>Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.</b>	
	<p>As the only member of staff, the Clerk is paid in accordance with contract and the NALC salary scales in place. HMRC Basic Tools are used to record monthly salary, and appropriate PAYE / NI payments are recorded each month. An incremental spinal column point increase and the annual salary increase were recorded in the minutes. Members do not claim any allowance.</p> <p>The parish council is registered with the Pensions Regulator which is aware no staff member is currently enrolled into the council's pension scheme.</p>	✓
H	<b>Asset and investment registers were complete and accurate and properly maintained.</b>	
	<ul style="list-style-type: none"> <li>• <b>Tangible Fixed Assets:</b> Ensure the Authority is maintaining a formal asset register and updating it routinely to record new assets at historic cost price, net of VAT and removing any disposed of / no longer serviceable assets.</li> </ul> <p>The minutes of the meeting held 09/05/2024 state the Asset Register was reviewed and noted and a copy dated <a href="#">31/03/2024</a> is on the website. Whilst Hill and Moor PC is not currently subject to the <a href="#">Transparency Code for Smaller Authorities</a>, it is good practice to continue to follow it.</p> <p><b>Comment:</b> Do keep note of all assets in line with the Transparency Code guidance, to include location details. It helps to note not only the purchase value of each asset but also where it was purchased from, the replacement cost and insured value.</p> <p>No borrowings, loans or investments are recorded.</p>	✓
I	<b>Bank account reconciliations.</b>	
	<p>Periodic bank account reconciliations were properly carried out during the year (see objective A).</p> <p><b>Comment:</b> It would be helpful and in support of council transparency to not only record them as 'noted' in the minutes, but to also record the amounts referred to. This helps anyone reading the minutes through the year to be able to identify the council's financial status instead of having to rely on the figures provided at the year end.</p>	✓
J	<b>Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.</b>	
	The accounting statements have been prepared on Receipts and Payments basis as neither receipts nor payments is more than £200,000. An adequate audit trail can be followed via the minutes, bookkeeping spreadsheet, paid invoices and receipts.	✓
K	<b>If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt.</b>	



	IAs should ensure that, <a href="#">all relevant criteria were met</a> (neither receipts nor payments totalled more than £25,000), the correct exemption certificate was prepared and minuted in accordance with the statutory submission deadline and it was published, together with all required information on the Hill and Moor PC's website.	✓
L	<b>The authority publishes information on a free to access website / web page, up to date at the time of the internal audit in accordance with the relevant legislation</b>	
	Hill and Moor PC's publication scheme is available on its website; a page might be missing? <b>Comment:</b> It will be helpful to refer to the most recent <a href="#">model template from ICO</a> .	✓
M	<b>The authority, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.</b>	
	The public notice of electors' rights was published on the website in good time. The minutes of the annual council meeting held 09/05/2024, as well as recording approval of the 2023/24 AGAR, also record the dates for the Exercise of Public Rights as being between Monday 3 June – Friday 12 July 2024.	✓
N	<b>The authority complied with the publication requirements for the prior year AGAR.</b>	
	The publication requirements were met for the 2023/24 AGAR.	✓
O	<b>Trust funds (including charitable) - the Council met its responsibilities as a trustee</b>	
	Not applicable.	n/a

Gill Lungley, 26/04/2025



## Appendix A

### Test sample of payments made .

Month	Item	Gross Amount	VAT recorded	Approval minute ref	Payment same as invoiced	Date paid on bank statement
May24	Electricity charges	£20.75	£0.99	11/07/24 #10	✓	18/06/24
Jun24	Fuel x 35l for mower	£50.63	£8.44	11/07/24 #10	✓	10/06/24
Jun24	Defib pads	£249.83	£41.64	11/07/24 #10	part	24/06/24
Sep24	Handyman	£202.50	nil	07/11/24 #9	part	15/10/24
Nov24	Playing field works	£15,764.99	£2,627.50	09/01/25 #11	✓	11/12/24
Dec24	HMRC (salary-related)	£137.77	nil	09/01/25 #11	✓	06/01/25
Mar25	Bin empty and cleanse	£112.87	£18.81	13/03/25 #9	✓	11/02/25
Mar25	Mapping software	£45.00	£7.50	13/03/25 #9	✓	04/03/25

#### Notes:

1. No statutory authority has been recorded against any payment approval; this is especially important where no statutory power exists in which case the council should record the use of LGA 1972, s137, since that power is restricted to £10.81 per elector.

Receipts				
Month	Payer & reason	Amount	Minute ref.	Bank statement
May24	Lengthsman reimbursement	£122.80	09/05/24 #17b	22/05/2024
Aug24	Field hire, football club	£650.00	11/07/24 #10D	12/08/2024
Feb25	VAT refund	£3,980.62	n/m	14/02/2025

The end of year bank statements are not available; the following is calculated on information available at the time of the internal audit.

### Bank reconciliation based on bank statements available to 31/01/2024 and cashbook

Opening balance as at 01/04/2024 as per AGAR 2023/24 box 7:		
Lloyds Business Bank instant a/c	£20,659.61	
Lloyds Treasurers a/c	£14,274.09	
		<b>£34,933.70</b>
From cashbook to 31/12/2024:		
Add total receipts to 31/12/24	£38,962.79	
Less total payments to 31/12/24	-£34,544.14	<b>£4,418.65</b>
	<b>A</b>	<b>£39,352.35</b>
Closing balance as at 31/12/2024 from bank statements available:		
Lloyds Commercial Instant Access	£20,838.08	
Lloyds Community a/c	£18,514.27	
	<b>B</b>	<b>£39,352.35</b>
A - B = £0 difference		