

INTERNAL AUDIT REPORT
UPTON BY CHESTER PARISH COUNCIL
2024/25

The internal audit was carried out by undertaking the following tests as specified 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 NOT in place**, adequate for the purpose intended and effective. The council need to implemented the recommendations in the action plan below. 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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	ISSUE	RECOMMENDATION	FOLLOW UP
AGAR internal control objective A – Appropriate Accounting Records kept throughout financial year			
1	<p>The prime book of record for the council accounts, the SCRIBE ledger, was not updated on a timely basis in the financial year, partly due to insufficient staff resources. In addition, the SCRIBE ledger, when it was updated during the year, contained numerous mis-postings and errors which the new clerk has had to correct.</p> <p>The lack of a complete and accurate, up to date, prime book of record also meant that accurate budgetary control reports and bank reconciliations could not be reported for much of the financial year.</p> <p>The entire SCRIBE nominal ledger for the financial year was subject to a comprehensive review by the current clerk, and fully updated and balanced after the year end.</p>	<p><i>The council must ensure sufficient and experienced resources are in place to enable the SCRIBE ledger to be maintained completely and accurately on a timely basis throughout the financial year.</i></p>	

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AGAR internal control objective B – Compliance with Financial Regulations, payments supported by invoices, all expenditure approved and VAT appropriately accounted for			
2	<p>No evidence has been provided of the online banking and payment authorisation process that was applied during the financial year as at different periods of the year there were either no finance staff in place, locum staff, or later in the financial year, an appointed clerk. Therefore, we have received no evidence that the following Financial Regulation in place up to October 2024 was applied:</p> <p><i>If thought appropriate by the council payment for certain items may be made by internet banking transfer provided evidence is retained showing which members approved the payment. The facility for dual control must be available on all bank accounts. All payments must be processed by in accordance with these signatory levels:</i></p> <ul style="list-style-type: none"> • <i>Payments up to £500 may be authorised by a sole bank signatory;</i> • <i>Payments between £501 and £9,999 must be authorised by two bank signatories;</i> • <i>Payments £10,000 and above must be authorised by three bank signatories or two bank signatories and checked by a third member.</i> <p>In addition, we have received no evidence</p>	<p><i>Online banking procedures stipulated in the adopted Financial Regulations must be complied with.</i></p>	

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	<p>that the online banking authorisation requirements of the updated model Financial Regulations (October 2024) have been complied with.</p>		
3	<p>We were unable to view any payment schedules/lists approved in Finance Committee minutes on the council website. We have received no evidence that the following Financial Regulation was complied with:</p> <p><i>FRs up to October 2024: The RFO shall prepare a schedule of payments requiring authorisation, forming part of the Agenda for the Meeting and, together with the relevant invoices, present the schedule to council or Finance committee. The council / committee shall review the schedule for compliance and, having satisfied itself shall authorise payment by a resolution of the council. The approved schedule shall be ruled off and initialled by the Chair of the Meeting. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised.</i></p> <p><i>Updated FRs dated October 2024: The RFO shall present a schedule of payments requiring authorisation, forming part of the agenda for the meeting, together with the relevant invoices, to the finance committee. The Finance committee shall review the schedule for compliance and,</i></p>	<p><i>The council must ensure, throughout the financial year, that schedules of payments for authorisation are put to each Finance Committee, initialed by the Chair, and either attached to the minutes or retained as evidence of the payments reviewed and authorised.</i></p>	

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	<p><i>having satisfied itself, shall authorise payment by resolution. The authorised schedule shall be initialled immediately below the last item by the person chairing the meeting. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of that meeting.</i></p>		
4	<p>The council has a procurement policy as well as procurement requirements in the Financial Regulations. However, procurement requirements were not fully applied to the following contracts and for the grounds maintenance contract evidence of the initial procurement has still not been provided to us as reported in 2023/24:</p> <ul style="list-style-type: none"> - Grounds maintenance – recurring issue from prior year and no evidence of procurement was provided. Although this contract was renewed without market testing by the council in 2024 to run for one more year to the end of 2024/25 we are informed this contract is still ongoing. - Flagged path - Although there is minuted discussion of receiving quotes for the Tarmac flagged path contract the information indicates 	<p><i>The council must comply with the procurement requirements of the adopted Financial Regulations. Documentation relating to procurement exercises must be retained.</i></p>	

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	only two quotes were received, even though council required three quotations in a council resolution.		
5	<p>No invoices and/or other supporting documentation were provided for the following payments in our sample:</p> <ul style="list-style-type: none"> • 15/04/2024, Mileage, Staff expenses, £112.50 • 01/01/2025, Morrisons, Cleaning supplies, £37.95 • 03/02/2025, Amazon, Stationary supplies, £24.06 	<i>All expenditure vouchers must be retained by the council to enable them to be provided for review for audit purposes and to ensure VAT can be reclaimed.</i>	
6	<p>The invoice/receipt amount did not agree to the sampled transaction for the following payments:</p> <p>i.) 05/08/2024 Petty cash, Costco, Refreshments stock, £150.91</p> <p>ii.) 15/11/2024, Chesire Tarmac & Driveways Ltd £11,034, as the invoice value was £11,064.</p>		-

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AGAR internal control objective C – Adequate Risk Assessment			
7	<p>The minutes discuss a risk assessment approval on April 15th 2024, however no risk assessment has been provided to us as evidence. Instead, a working document ‘Project Phoenix, which allocates various tasks based on a Red/Amber/Green classification to council committees was provided as the annual risk assessment in response to our request.</p> <p>Much of this plan has not been implemented including business continuity aspects. Other key aspects such as monitoring adequacy of fidelity cover and supplier fraud prevention are not adequately covered. Many of the other key risks included need to be reviewed and mitigation measures identified need to be implemented on a timely basis, eg data protection, including any surveillance risks identified.</p>	<p><i>The Project Phoenix document should be formatted into a formal annual risk assessment document that covers all identified council risks. The risk mitigation measures need to be implemented on a timely basis.</i></p>	
8	<p>The fidelity insurance cover is currently £240k. Fidelity insurance should cover the maximum projected balances which is calculated as the year end cash and bank and investment balances of £80,014 plus</p>	<p><i>As part of risk assessment procedures, the council should annually estimate maximum projected cash and bank and short term investment balances and set the level of fidelity insurance accordingly as required</i></p>	

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	<p>the next precept instalment (100% of the annual precept is received in April of each year) which is £229,769 (2025/26 precept) giving an estimated total cash and bank balances of £309,783.</p> <p>Financial Regulations require the following:</p> <p><i>All appropriate members and employees of the council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined annually by the council, or duly delegated committee.</i></p>	<p><i>by the Financial Regulations.</i></p> <p><i>The council need to review the current level of fidelity insurance as it does not cover maximum projected cash and bank balances.</i></p>	
9	<p>The ‘Project Phoenix’ plan does not address the risks of supplier fraud. The supplier fraud risks can be managed via robust policies and procedures including prevention actions such as:</p> <ul style="list-style-type: none"> - training for staff to alert them to the potential risks of providing sensitive company information, by phone or other means, especially contract and account information. - establish a rigorous change of supplier details procedure - where a supplier has purported to have changed their bank 	<p><i>Risk assessment documentation should be updated to include supplier fraud including the adequacy of supplier onboarding controls.</i></p>	

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	<p>details always call the supplier to check the veracity of a request, using details in your system, rather than those on any associated letter or email. A person should be authorised to approve a supplier bank account change after having reviewed the process undertaken to verify the supplier details change</p> <ul style="list-style-type: none"> - periodic review of supplier accounts should also be undertaken to remove any dormant accounts. This reduces the likelihood of any old supplier information being used to secure fraudulent payments. - checking address and financial health details with Companies House - checking samples of online payments to supplier invoices to ensure the payment has been made to the supplier bank account 		
<p>AGAR internal control objective D – The precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</p>			
10	<p>As the SCRIBE ledger was neither up to date nor accurately compiled, up to date budgetary control/outturn forecasts were not available for the 2025/26 budget setting, and it is likely that the financial position had to be forecast from known</p>	<p><i>The council must improve the quality of management information used to support the precept request, including providing councillors with up to date budgetary control/outturn forecasts that are based on realistic assumptions.</i></p>	

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	<p>cash balances.</p> <p>Therefore, the comprehensive management information required to support the decision making for the 2025/26 budget setting process was not available from the council prime book of record, the SCRIBE ledger. Despite the lack of financial information, the council compiled a detailed 2025/26 budget spreadsheet to support the precept setting process. However, review of this budget spreadsheet has identified numerous issues including the following:</p> <ul style="list-style-type: none"> - None of the precept scenarios at the bottom of the budget spreadsheet actually agrees to the final precept set, so it is not clear what the final detailed budget document to support the precept included within each detailed expenditure category. - The budget spreadsheet contains a significant error at the bottom where total expenditure including all 'speculative AM' projects are considered. In columns L and N the total net expenditure after all projects are stated as £740,986 and £595,538 respectively. However, this is because the addition formula used is incorrect as it adds projected expenditure 	<p><i>The budget spreadsheet used for the 2025/26 precept setting does not take into account of 'an amount that the council estimates will be appropriate to meet future estimated expenditure' (ie to hold in reserves). This is a requirement of sections 32 and 43 of the Local Government Finance Act 1992. Therefore, the annual budget to support the precept must take account of brought forward and carried forward reserves in future.</i></p>	

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	<p>(row 93) AND net projected expenditure (row 94) to Speculative AM spend. Therefore, total projected expenditure has been double counted by the formula for row 103, columns L and N. It is not clear how this would have impacted on council decision making.</p> <ul style="list-style-type: none"> - The opening reserves, closing reserves and earmarked reserves and not considered at all within the budget spreadsheet document to support the precept request. - The November 2024 outturn forecast for interest receivable for 2024/25 is stated as £50,000, which is clearly incorrect. Fortunately, this issue was identified by councillors as the budget for interest receivable for 2025/26 was set in the spreadsheet as £7000. A note to the spreadsheet states that sundry income is also included in the interest line but nowhere are the sources of this sundry income described in the document. - Previously the salary budget was a one entry in the spreadsheet whereas this has now been split out into salaries and 'HMRC (Tax and NIC)'. The November 2024 outturn forecast for 'HMRC (Tax and NIC)'. for 2024/25 is stated as £50,000 in addition to a Salaries budget of £121,000. The £50,000 estimated Tax and NIC outturn for 24/25 would be a 		

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	<p>significant overestimate if this only related to HMRC (Tax and NIC). The council has set this budget head at £18,084 in the final 25/26 budget column.</p> <p>We are informed that significant 2025/26 expenditure for the Bund and the Tennis Courts have been agreed since the 2025/26 budget was agreed in January 2025 although this is not reconciled with earmarked reserve funding available.</p>		
11	<p>Financial Regulations require the following with respect to budgetary control up to October 2024:</p> <p><i>The RFO shall regularly provide the council with a statement of receipts and payments to date under each head of the budgets, comparing actual income and expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared monthly for the Finance committee and full Parish Council and shall show explanations of material variances. For this purpose, "material" shall be determined by the Finance committee.</i></p> <p>The updated FRs dated October 2024 require: <i>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><i>The council must ensure the requirements for budgetary control reporting in the Financial Regulations are complied with. In turn, this also means maintaining the SCRIBE ledger accurately and up to date with all transactions, with the cumulative bank reconciliation balanced monthly.</i></p>	

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	<p>The council has breached the budgetary control requirements of Financial Regulations as a complete and accurate up to date prime book of record was not maintained throughout the financial year. Although there is limited evidence of budgetary information being reported to council, any budgetary control reports produced for much of the financial year would have been wholly inaccurate as there were numerous inaccuracies with the financial information processed into the Scribe ledger.</p>		
12	<p>The employment budget has been substantially overspent in the financial year with the SCRIBE budget report for the year disclosing a £118,500 budget and an actual spend of £158,020. Most of this overspend relates to a HMRC (Tax and NIC) code which has a zero budget but an outturn of £38,534. It is also noteworthy that the budget for payroll administration of £530 was also substantially overspent according to the SCRIBE ledger with a £4,981 outturn. However, we could not identify evidence in the minutes that the following process in the Financial</p>	<p><i>The council should review the detailed analysis of the employment budget for 2024/25 to ensure expenditure is approved and represents expenditure on wages and salaries and associated taxes. The council should also review why the payroll administration budget was overspent so substantially.</i></p> <p><i>The council must comply with the requirements of Financial Regulations with regard to overspends on budgets.</i></p>	

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	<p>Regulations was applied to the overspend:</p> <p><i>(FRs in place up to October 2024) 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>(Updated FRs dated October 2024): No expenditure may be authorised that will exceed the budget for that type of expenditure other than by resolution of the Council except in an emergency.</i></p>		
13	<p>Due to the above noted substantial overspends in the year, general reserves had reduced to a level of £37,753 or 16% of the precept at the year end, which is significantly below the minimum 25% level recommended by sector guidance. All earmarked reserves in SCRIBE have been brought forward from 2023/24 and there is no evidence in the budget process of any consideration of the level of earmarked reserves required to be carried forward.</p>	<p><i>The council must review general and earmarked reserves during the budget setting process with reference to sector guidance and ensure adequate levels are maintained from year to year.</i></p>	

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	Some earmarked reserved such as Cil monies may be time limited and so it important to consider these earmarked reserves annually.		
AGAR internal control objective E – Expected income fully received, correctly priced, recorded and promptly banked and VAT accounted for			
14	<p>No evidence was provided for the following income transactions in our sample which covered cash as well as non-cash incomes:</p> <ul style="list-style-type: none"> • 26/04/2024, Room Hire, Cw&C Council, £288 • 15/05/2024, Pavilion Shop - Cash Deposit, Upton Parish Council, £393.65 • 13/06/2024, Pavilion Receipts - cash deposit , Unknown, £400.90 • 21/06/2024, Pavilion Shop - Cash Deposit, Upton parish council, £436.45 • 04/07/2024, Tennis Booking, Upton tennis club, £300 • 23/07/2024, Room Hire, Upton neuro physio, £58 • 09/08/2024, Pavilion receipts – 	<p><i>The council must improve income internal controls to ensure:</i></p> <ul style="list-style-type: none"> - <i>all income due is collected and completely and accurately recorded in the council ledger</i> - <i>supporting documentation for income transactions, including invoices, must be retained by the council</i> - <i>sequential invoices should be issued for all hires and evidence should be available to demonstrate that pricing agrees to the adopted price list. Where discounts are applied, there should be approved delegated authority to enable this by council.</i> 	

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	<p>cash deposit, Bache Post Office, £1503</p> <ul style="list-style-type: none"> • 14/08/2024, tennis booking, Stripe payments euro, £22.52 • 21/08/2024, bowling membership, upton bowling club, £504 • 19/09/2024, Pavilion receipts – cash deposit, Upton parish council, £500 • 20/09/2024, Pavilion receipts – cash deposit, Upton parish council, £698.21 • 15/01/2025, Room hire, flowers for fun, £216 • 20/02/2025, room hire, S & T Tiny tales, £270 <p>Therefore, the council has been unable to evidence the completeness and accuracy of income, and that income was fully received, correctly priced, and recorded in the council ledger.</p> <p>In addition, no evidence was provided that any of the income issues raised in 2023/24 have been actioned.</p>		

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15	<p>No evidence has been provided that the council complied with the following Financial Regulations:</p> <p><i>FRs in place up to October 2024: The council will review all fees and charges at least annually, following a report of the Clerk.</i></p> <p><i>Updated FRs dated October 2024: The Council will review all fees and charges for work done, services provided, or goods sold at least annually as part of the budget-setting process, following a report of the Clerk. The RFO shall be responsible for the collection of all amounts due to the Council.</i></p> <p><i>(This regulation is included in both pre and post October FRs in place): Where significant sums of cash are regularly received by the Council, the RFO shall ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control record such as ticket issues, and that appropriate care is taken for the security and safety of individuals banking such cash.</i></p>	<p><i>The council must comply with the income requirements of the adopted Financial Regulations</i></p>	
16	<p>The council had previously identified that due to the level of sales from its cafe/shop it should have registered for VAT some period ago. A VAT consultant has been supporting the council with registration issues as we reported in 2023/24.</p>	<p><i>The council need to ensure as soon as practicable that VAT registration is completed.</i></p> <p><i>The council must ensure VAT is accounted for correctly on all income and expenditure.</i></p>	

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	<p>The council did not register for VAT in 2024/25 and further VAT issues arose in the year including a duplicate claim for a VAT refund and incorrect processing of multiple transactions with regard to VAT.</p> <p>The new clerk has had to carry out a substantial and time-consuming exercise to rectify transactions processed incorrectly in SCRIBE, including the VAT entries. The VAT review has also covered prior years to at least 2021/22, to try and resolve all VAT historical issues before proceeding to VAT registration. This review identified an error in recording a VAT refund received of £13051 in general income instead of the VAT account. The clerk has also calculated an up to date cumulative figure for VAT related to business activity which is not reclaimable (due to non- VAT registration) of £5735. SCRIBE have provided support to the clerk to process correcting entries into the VAT account. The year end adjusted VAT receivable balance in the Balance Sheet is £4353, which is significantly less than the input VAT paid on expenditure in the although the year due to the impact of the duplicate VAT claim received in 2024/25.</p>	<p><i>Controls must be established to prevent duplicate VAT reclaims/returns being processed.</i></p>	

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AGAR internal control objective F – Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			
N/A The ‘petty cash’ described in SCRIBE is actually a prepaid debit card.			
AGAR internal control objective G – Wages and salaries and members allowances paid in accordance with council approvals, and PAYE and NIC requirements properly applied			
17	No evidence has been provided that the 2024/25 pay award was approved in the minutes.	<i>All pay increase/pay changes should be approved in the minutes</i>	
18	There was a payment of £5,000 to HMRC for “overpaid employment allowance” which relates to an issue we reported on in 2023/24.	<i>Due to the significant turnover of officers, the council should ensure that a review is carried out to ensure all liability for overclaimed employment allowance has been identified and settled.</i>	
19	There was no evidence of a system in place of detailed member checks to source documentation of the monthly payroll.	<i>The council should apply member checks to payroll during the year to satisfy themselves as to the validity of payments. The monthly payroll should periodically be agreed on a sample basis back to source documentation such as authorised salary increases, timesheets and employment contracts.</i>	

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		<i>All the above member checks should be evidenced by a signature and date.</i>	
AGAR internal control objective H – Asset and investment registers complete and accurate and properly maintained			
No issues arising			
AGAR internal control objective I – Periodic and year end bank reconciliations were properly carried out			
20	<p>The council has breached the Financial Regulations (see extracts below) as regular bank reconciliations were not provided to council, reviewed by a nominated councillor, and matched with bank statements. Any bank reconciliation provided to council for much of the financial year would have been incorrect as the SCRIBE ledger contained numerous incorrectly processed transactions.</p> <p><i>FRs in place up to October 2024: On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chair or an authorised bank signatory shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions,</i></p>	<p><i>The council must regularly produce complete and accurate bank reconciliations and report them to council. Financial Regulation requirements for review of bank reconciliations by a nominated councillor must be complied with.</i></p>	

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	<p><i>to and noted by the council Finance committee.</i></p> <p><i>Updated FRs dated October 2024: At least once in each quarter, and at each financial year end, a member other than the Chair or a councillor who may approve online payments shall be appointed to verify all bank reconciliations produced by the RFO. The member shall sign and date the reconciliations and the original bank statements as evidence of this. This activity, including any exceptions, shall be reported to and noted by the Finance Committee.</i></p>		
21	<p>The bank reconciliation includes a negative ‘petty cash’ balance as this is actually the Pockit card payments account. No statements were provided for internal audit to verify the year end balance on the card account. We are informed the card was in the name of a former employee.</p> <p>The Finance committee resolved in May 2024 to ‘research and recommend a replacement business offering for PockIt for future petty cash expenditure.’</p> <p><i>Financial Regulations for card expenditure are included below:</i></p> <p><i>Any Debit Card issued for use will be specifically restricted to the Clerk/RFO and employees</i></p>	<p><i>The council should ensure the 2024/25 year end balance recorded for the Pockit card is verified to a statement.</i></p> <p><i>The council should record card balances as creditors rather than in the bank reconciliation if there is a credit balance.</i></p> <p><i>The council should stop classifying card payments as petty cash payments in the SCRIBE ledger. All payments by card must be described as card payments as there is no petty cash system in operation.</i></p> <p><i>The council must comply with the Card requirements of the Financial Regulations and ensure the card is always in the name</i></p>	

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	<p><i>designated by the Clerk/RFO and will also be restricted to a single transaction maximum value of £500 unless authorised by council or finance committee in writing before any order is placed.</i></p> <p><i>A pre-paid debit card may be issued to employees with varying limits. These limits will be set by the Clerk/RFO subject to a maximum of £500. Transactions and purchases made will be reported to the Finance committee and authority for topping-up shall be at the discretion of the Clerk or RFO.</i></p> <p>Till float - No supporting documentation was provided to evidence that the till float included in the year end bank reconciliation had been verified by a councillor.</p>	<p><i>of a current RFO/clerk.</i></p> <p><i>The till float should be cashed up by nominated councillor at the year and the exercise verified by a dated signature.</i></p>	
<p>AGAR internal control objective 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.</p>			
<p>Year-End accounts - No further issues arising. SCRIBE have supported the clerk with making adjustments to the VAT account based on the review of VAT, and debtors and creditors have been included in the Balance Sheet.</p>			

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AGAR internal control objectives K – not applicable			
AGAR internal control objective 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.			
22	<p>Payments in excess of £500 and the following information is not published on the council website as required by the Local Authority Transparency Code 2015:</p> <p><i>PUBLICATION 32. Local authorities must also publish details of any contract, commissioned activity, purchase order, framework agreement and any other legally enforceable agreement with a value that exceeds £5,000. For each contract, the following details must be published:</i></p> <ul style="list-style-type: none"> • <i>reference number</i> • <i>title of agreement</i> • <i>LA department responsible</i> • <i>description of the goods and/or services being provided</i> • <i>supplier name and details</i> • <i>sum to be paid over the length of the contract or the estimated annual spending or budget for the contract</i> • <i>Value Added Tax that cannot be recovered</i> • <i>start, end and review dates</i> • <i>whether or not the contract was the result of an invitation to quote or a published invitation to tender, and</i> 	<p><i>The council must ensure the website is maintained up to date and that it complies fully with the publication requirements of the Local Authority Transparency Code 2015.</i></p>	

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	ISSUE	RECOMMENDATION	FOLLOW UP
	<ul style="list-style-type: none"> <i>whether or not the supplier is a small or medium sized enterprise and/or a voluntary or community sector organisation and where it is, provide the relevant registration number</i> 		
<p>AGAR internal control objective 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).</p>			
<p>No issues arising</p>			
<p>AGAR internal control objective N - The authority has complied with the publication requirements for the 2023/24 AGAR</p>			
<p>No issues arising</p>			
<p>AGAR internal control objective O – The council met its responsibilities as sole trustee</p>			
<p>Not applicable</p>			

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2023/24 Internal Audit Report

	ISSUE	RECOMMENDATION	FOLLOW UP
AGAR internal control objective A – Appropriate Accounting Records kept throughout financial year			
No issues arising in respect of the prime book of record as the accounts are maintained on the SCRIBE accounting system.			
AGAR internal control objective B – Compliance with Financial Regulations, payments supported by invoices, all expenditure approved and VAT appropriately accounted for			
1	Redacted – the issue has already been provided to council in the 2023/24 report and relates to a contractor.	<p><i>The Council need to obtain a valid VAT invoice for this payment or if it is determined the supplier is not VAT registered then a refund of VAT paid should be requested. Depending on the outcome of the council request for a valid VAT invoice, we will consider further recommendations for the council.</i></p> <p><i>NB Council clarified on June 18th, 2024 that they could not locate any records pertaining to this invoice.</i></p>	No further feedback received from council regarding resolution of this issue.

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	ISSUE	RECOMMENDATION	FOLLOW UP
2	<p>Payments are made via the Virgin money current account or by prepaid debit card. Financial Regulations (FRs) in place from November 2023 allow payments under £500 to be authorised by a sole bank signatory. For payments between £501-£9999 two signatories are required and for payments greater than £10k three signatories are required.</p> <p>However, up to October 2023 dual authorisation of any payments was not in place and all payments were made online solely by the Clerk. It should be noted that the FRs in place to October 2023 do not describe any regulations for online banking and only cover cheques or DDs.</p>	<p><i>The council must comply with proper practices with regard to the authorisation of payments. (NB this control has been in place since November 2023.)</i></p>	
3	<p>No vouchers were provided to support the following payments from our sample :</p> <ul style="list-style-type: none"> - Invoice for Tn 220 £309.87 (debit card) - Invoice for Tn 256 £3000 (grant) - Invoice for Tn 267 £188.45 (debit card) 	<p><i>All expenditure vouchers must be retained by the council to enable them to be provided for review or audit purposes and to ensure VAT can be reclaimed.</i></p>	<p>No further feedback received from council regarding resolution of this issue.</p>
4	<p>Procurement issues:</p>	<p><i>The council must comply with the procurement requirements of the adopted</i></p>	<p>Recommendation Outstanding – see 2024/25 report above</p>

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	ISSUE	RECOMMENDATION	FOLLOW UP
	<ul style="list-style-type: none"> • ‘Upton by Chester Pavilion contract – we could only evidence one quotation and no documentation was provided to evidence this supply was procured in accordance with financial Regulations. • Grounds maintenance contract value £23,736 with Botanica Landscapes. Council are unable to locate the procurement documentation. 	<i>Financial Regulations. Documentation relating to procurement exercises must be retained.</i>	
5	<p>No VAT was reclaimed in 23/24 relating to either 22/23 or 23/24 and the VAT debtor at year end is disclosed as £33,361. Financial Regulations require the following with respect to VAT returns:</p> <p><i>9.8. The RFO shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.</i></p>	<i>The council should comply with its Financial Regulations and ensure annual VAT reclaims are submitted to HMRC on a timely basis.</i>	See 2024/25 VAT issues
6	For September 2023 payments onwards, payments ceased being listed in the minutes when reported to Council. The	<i>The council should either reinstate the previous internal control whereby payments approved were listed in the</i>	Recommendation Outstanding

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	ISSUE	RECOMMENDATION	FOLLOW UP
	minutes record 'details of payments were received and noted' but the total amount of payments has not been recorded.	<i>minutes or record payments approved on a separate schedule signed by the Chair with the total of these approved payments recorded in the minutes to improve the audit trail.</i>	
7	<p>The Council have a loan from Cheshire County LTA with a balance outstanding of £6000. The original loan was for £10,000.</p> <p>No evidence has been provided whether a formal borrowing approval was secured for the loan. Generally, a borrowing approval is only not required for borrowing via a temporary loan or overdraft from a bank or otherwise of sums which the council may temporarily require to meet expenses pending the receipt of revenues receivable by it in respect of the period of account in which the expenses are chargeable. In all other circumstances, borrowing approval is usually required.</p> <p>The relevant FRs state:</p> <p>8.4 All borrowings shall be effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Council as to terms</p>	<i>The council must secure borrowing approvals for loans in accordance with the Financial Regulations.</i>	No further feedback received from council regarding resolution of this issue.

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	ISSUE	RECOMMENDATION	FOLLOW UP
	and purpose.		
AGAR internal control objective C – Adequate Risk Assessment			
No issues arising			
AGAR internal control objective D – The precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.			
8	<p>Budgetary Control</p> <p>For the first half of the year there is no evidence that budgetary control reports were submitted to council showing expenditure to date against budget with explanations for significant variances. The only information we could locate were basic lists of receipts and payments by category. Financial Regulations in place for the first half of the year state:</p> <p><i>FRs: 3.3 The RFO shall regularly provide the Council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure against that planned.</i></p>	<p><i>Comprehensive budgetary control information should be reported to the council throughout the financial year as required by Financial Regulations. (NB This was implemented for the second half of the 2324 financial year)</i></p>	Recommendation Outstanding
AGAR internal control objective E – Expected income fully received, correctly priced, recorded and promptly banked and VAT			

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	ISSUE	RECOMMENDATION	FOLLOW UP
accounted for			
9	The council has identified that due to the level of sales from its cafe/shop it should have registered for VAT some period ago. A VAT consultant has been supporting the council with establishing a backdated VAT registration to 2016. Therefore, there will be a significant backdated liability for VAT on outputs that should have been standard rated. No creditor has been included in the accounts for the VAT liability although earmarked reserves of £10,000 has been established for the estimated future liability.	<i>When VAT registration is completed the council must remit all calculated liabilities to HMRC and ensure that output VAT on relevant sales is correctly charged and accounted for.</i>	Recommendation Outstanding
10	The Council are not currently registered for VAT but one receipt in SCRIBE dated 01/08/2023 for room hire shows VAT has been charged (£60 net plus £12 VAT).	<i>The council cannot charge VAT on sales when it is not currently VAT registered. In addition, room hires are usually exempt from VAT unless the council has 'opted to tax' this category of sales.</i>	
11	Receipt Sample Testing - results: - Funday receipt – no invoice or receipt for the £200 identified (we were informed that cash payment was given to the Parish Council on	<i>The council should ensure that sequential invoices are issued for all hires and that pricing agrees to the adopted price list. Where discounts are applied, there should be approved delegated authority to enable this by council.</i>	No further feedback received from council regarding resolution of this issue.

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	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>the day out of takings from the food truck.)</p> <ul style="list-style-type: none"> - Ref 227 Room Hire – Flowers for Fun, no invoice issued as we are informed that historically this hirer has never required an invoice. - Tiny Tots sample invoice charged at rate of £15 per hour which is not on Website price list. - Minerva Arts sample invoice had 20% discount applied to give an hourly rate of £14.40 compared to the full rate of £18 rate but we could not identify delegated authority in the minutes for discounts to be applied. The pricing differs from an earlier invoice in the financial year that applied the full hire rate of £18 (NB the price list states the fee is £16 for regular users of three months.) 		
12	No sequential invoices are issued for hall/room hire and as evidenced above	<i>The council must issue invoices for all hires with unique sequential numbers. The</i>	No further feedback received from council regarding resolution of this

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	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>invoices are not issued for all hire. No comprehensive exercise had been carried out to match receipts from hall hire to enable the council to ensure:</p> <p>i.) all hall hire income is completely and accurately recorded in the council ledger</p> <p>ii.) appropriate ongoing credit control can be applied to ensure all invoices issued for hall hire are paid</p> <p>iii.) an adequate audit trail existed between hall hire invoices issued and the cash book</p>	<p><i>Council should match receipts promptly with invoices issued. An invoice that has been received should then be marked 'PAID'. Every quarter the council should review the unpaid invoices and follow up with customers.</i></p>	<p>issue.</p>
<p>AGAR internal control objective F – Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.</p>			
<p>N/A The ‘petty cash’ described in SCRIBE is actually a prepaid debit card.</p>			
<p>AGAR internal control objective G – Wages and salaries and members allowances paid in accordance with council approvals, and PAYE and NIC requirements properly applied</p>			
13	<p>No signed contracts of employment were in place for temporary staff and this is now</p>	<p><i>Signed contracts of employment should be in place for all staff.</i></p>	

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	ISSUE	RECOMMENDATION	FOLLOW UP
	being rectified.		
14	The Employment Allowance was incorrectly claimed for 2023/24 and the liability to repay the sum due to HMRC has been recognised in the year end accounts. However, no evidence has been provided that a prior period review has been carried out to determine if there are liabilities for incorrectly claimed Employment Allowance from previous years.	<p><i>The council must not claim Employment allowance as public sector bodies cannot claim this allowance.</i></p> <p><i>The council should carry out a prior period review to determine if there are liabilities for incorrectly claimed Employment Allowance from previous years.</i></p>	See 2024/25 report issue above regarding employment allowance
15	<p>2023/24 Payroll testing issues:</p> <ul style="list-style-type: none"> - We could not identify an audit trail evidencing authorisation of the current clerk scale point in the minutes - a payment was made to HMRC with the reference number 709pc001338362312 on 06/11/2023 for £821.55. This payment has not been credited to the Council's 23/24 PAYE account and does not correspond to any of the 23/24 payroll schedules. 	<p><i>All scale point changes should be approved in the minutes</i></p> <p><i>The Council need to follow up this payment with HMRC records and ensure it has been credited to the Council's account. (it is possible the payment relates to an issue in 2022/23 payroll).</i></p>	<p>Recommendation Outstanding</p> <p>No further feedback received from council regarding resolution of this issue.</p>

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	ISSUE	RECOMMENDATION	FOLLOW UP
16	<p>Up until October 2023 no checking or approval of salary payments was carried out by Council. From October 2023 Cllrs had access to monthly payroll summaries in order to check and approve payments. The Council are now planning to implement the following internal control:</p> <p><i>'In addition to the Clerk, two Councillors from the Employment Committee will check that all salary payments, deductions and expenses are in order before they are sent for payment'</i></p>	<p><i>The council should apply member checks to payroll throughout the entire financial year to satisfy themselves as to the validity of payments. The monthly payroll should periodically be agreed on a sample basis back to source documentation such as authorised salary increases, timesheets and employment contracts.</i></p> <p><i>All the above member checks should be evidenced by a signature and date.</i></p>	Recommendation Outstanding
AGAR internal control objective H – Asset and investment registers complete and accurate and properly maintained			
17	<p>Review of fixed asset register:</p> <ul style="list-style-type: none"> - The asset register has increased by £147,316 over the 2022/23 value. A review of the SCRIBE asset record shows a significant number of assets have been added in 2023/24 that are described as pre-2024 (total value 	<p><i>The 2022/23 comparative fixed asset disclosure in the 2023/24 AGAR accounts should be reviewed for restatement as the revised asset register indicates the figure provided last year was materially incorrect.</i></p>	Improvements to the asset register have been implemented as the fixed asset register has been populated into the SCRIBE system with separate descriptions of items, valuation, useful life and location.

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	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>£132,620). Therefore, these assets were also owned in 2022/23 but the 22/23 fixed asset figure in the AGAR has not been restated.</p> <ul style="list-style-type: none"> - The asset register does not include playground gates purchased in year at cost of £1900. - A significant number of assets in the asset register are just described as 'equipment' with no further identifying information. 	<p><i>The asset register must be updated for all additions and disposals during the financial year.</i></p> <p><i>Assets must be clearly described in the asset register rather than just generic descriptions otherwise it will not be possible to manage the assets effectively or record when they are obsolete or disposed.</i></p>	
AGAR internal control objective I – Periodic and year end bank reconciliations were properly carried out			
No issues arising			
AGAR internal control objective 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.			
18	Review of year end accounts and balance sheet:	<i>Year end procedures must include the application of comprehensive procedures to capture all debtors and creditors for</i>	No further issues identified in 2024/25 regarding year end Balance Sheet

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	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>a.) An approximate VAT liability for output tax relating to the café/shop has been calculated by the VAT consultant. However, this is not included in the balance sheet, instead it has been included in an earmarked reserve.</p> <p>b.) Employment allowance – The Clerk incorrectly secured the Employment Allowance. This has been notified to HMRC and is being repaid in 2024/25. The accounts have been adjusted since the submission of working papers to include the £5k creditor. However, there is no information provided to evidence the council has checked whether it has overclaimed in previous years and whether there is a further liability.</p> <p>c.) The accounts do not include an accrual for March 2024 pensions so 23/24 accounts now only includes 11 months pension payments.</p> <p>d.) The accounts do not include a creditor for HMRC payments</p>	<p><i>inclusion in the year end accounts.</i></p>	

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	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>relating to March 2024 of £2406.51.</p> <p>e.) Balance sheet debtors – the council has substantial sources of income but no debtors such as outstanding hall hire have been included in the accounts. There is no evidence a matching exercise of all invoices issued for hire prior to 31/03/2024 has been agreed with cash received which would identify any hire debtors.</p>		
19	2022/23 staff costs and other payments have been amended	<i>The council should state 'restated' on the AGAR where prior year figures are amended.</i>	No further staff cost restatement issues identified in 2024/25
AGAR internal control objectives K			
Not applicable as gross income/expenditure exceeded £25000.			
AGAR internal control objective 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.			
20	The following information is not published on the council website as required by the Local Authority Transparency Code 2015:	<i>The council should ensure the website is maintained up to date and that it complies fully with the publication requirements of</i>	Recommendation Outstanding

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	ISSUE	RECOMMENDATION	FOLLOW UP
	<p><i>PUBLICATION 32. Local authorities must also publish details of any contract, commissioned activity, purchase order, framework agreement and any other legally enforceable agreement with a value that exceeds £5,000. For each contract, the following details must be published:</i></p> <p><i>reference number</i> <i>title of agreement</i> <i>LA department responsible</i> <i>description of the goods and/or services being provided</i> <i>supplier name and details</i> <i>sum to be paid over the length of the contract or the estimated annual spending or budget for the contract</i> <i>Value Added Tax that cannot be recovered</i> <i>start, end and review dates</i> <i>whether or not the contract was the result of an invitation to quote or a published invitation to tender, and</i> <i>whether or not the supplier is a small or medium sized enterprise and/or a voluntary or community sector organisation and where it is, provide the relevant registration number</i></p>	<p><i>the Local Authority Transparency Code 2015.</i></p>	
<p>AGAR internal control objective 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 2023/24 AGAR period, were public rights in relation to the 2022/23 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).</p>			
21	Internal control objective (Objective M) in the AGAR internal audit certificate	<i>The council must ensure the notice of electors rights contains the correct days</i>	Implemented

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	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>requires internal audit to conclude whether the Public Rights Notice during the previous Summer (2022/23 financial year) was compliant with the Regulations.</p> <p>The 2022/23 public notice dates are compliant , however, the days listed do not correspond to the actual dates as follows:</p> <p>Friday 30 June 2023 – Monday 10th August 2023 . However 10th August was actually a Thursday.</p>	<p><i>matched with the dates.</i></p>	
AGAR internal control objective N - The authority has complied with the publication requirements for the 2022/23 AGAR			
22	<p>We note the council could not meet the publication deadline of September 30th 2023 for the ‘notice of conclusion of audit’ as external audit did not complete the audit until after that date.</p>	<p><i>No recommendation as it was not possible to public the notice as the external audit had not been completed.</i></p>	
AGAR internal control objective O – The council met its responsibilities as sole trustee			
<p>Not applicable as the council has not disclosed that it is the sole trustee of a trust.</p>			