



Walling Accountants

BROUGHTON PARISH COUNCIL

Year-end Internal Audit Report 2024-2025

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1. The Role of Internal Audit

Under **Regulation 5 of the Accounts and Audit Regulations 2015**, all local authorities, including parish and town councils, are required to:

“Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

This means that every local council, regardless of size or financial activity, must maintain an internal audit function that is:

- **Independent** from the authority’s day-to-day financial operations,
- **Objective** in its assessment of controls and processes, and
- **Proportionate** to the scale and complexity of the council’s activities.

Scope and Purpose

The internal audit’s primary role is to provide assurance that the council’s systems and processes are operating effectively and in line with statutory requirements. It must:

- Review the adequacy and effectiveness of the council’s internal control framework,
- Confirm that financial and operational risks are identified and managed,
- Cover both financial systems and broader governance procedures, and
- Support the council’s compliance with relevant legislation and transparency obligations.

Proper Practices Guidance

Internal audit work must be carried out in accordance with “**proper practices**” as defined in:

- *Governance and Accountability for Smaller Authorities in England: A Practitioners’ Guide*, published by the Joint Panel on Accountability and Governance (JPAG).

This guidance outlines the expected coverage and standards for internal audit in the local council sector, ensuring consistency and regulatory compliance.

Reporting Requirements

The internal audit’s findings must be formally recorded in:

- The **Annual Internal Audit Report** — Section 3 of the **Annual Governance and Accountability Return (AGAR) Form 3**.

This report must be completed by the internal auditor and considered by the council **prior to the approval of the Annual Governance Statement** (Section 1 of the AGAR). It forms a key part of the council’s assurance and accountability framework.

2. Internal Audit Approach

The internal audit approach for **Broughton Parish Council** is based on a **risk-focused, proportionate methodology** that complies with the JPAG Practitioners' Guide. The audit is undertaken by an independent auditor, ensuring objectivity and a clear separation from the council's financial management.

The audit involves a **selective and evidence-based review** of internal controls, financial records, and statutory compliance. Key areas examined include:

- Governance arrangements and decision-making processes,
- Budgeting, reserves planning, and financial monitoring,
- Income and expenditure controls, including VAT and grant income,
- Payroll and staff-related payments,
- Risk management and insurance,
- Asset recording and valuation,
- Bank reconciliations and year-end financial statements.

A combination of document review, walkthroughs, and sample testing is used to evaluate whether systems are functioning as intended and to identify any weaknesses in control or compliance.

Findings and conclusions are summarised in the Annual Internal Audit Report, which provides assurance to the council and supports the preparation and submission of the AGAR.

3. Internal Audit Opinion

The year-end internal audit for Broughton Parish Council was conducted onsite with the Clerk and Responsible Financial Officer, Jessica Dibble, on Friday 6th June 2025, with further audit work completed subsequently at our offices. The audit focused on evaluating the adequacy and effectiveness of the Council's internal control environment, governance arrangements, and compliance with statutory requirements.

In providing this opinion, it is important to note that internal audit does not offer absolute assurance, as it is not a full review of all transactions and systems. Instead, it offers a level of reasonable assurance based on the areas examined and the evidence reviewed.

In my opinion, Broughton Parish Council has substantial assurance, with a sound framework of internal control that is consistently applied in practice. No major weaknesses were identified in the systems and procedures reviewed during the audit.

4. Year-end Internal Audit

Internal control objective 'A'

'Appropriate accounting records have been properly kept throughout the financial year'

The objective in this area of review is to verify that the council has maintained complete, accurate, and up-to-date accounting records throughout the financial year, in accordance with proper practices. This includes ensuring that all financial transactions have been promptly and correctly recorded in the accounting system, are supported by appropriate documentation, and provide a clear audit trail from original records to final accounts.

Finance systems

Broughton Parish Council continues to utilise Quickbooks accounting system to maintain its financial records. We have:

- Checked and verified that the closing balances for the 2023-2024 financial year was correctly brought forward as the opening balance of the 2024-2025 financial year;
- Ensure the charts of account adopted remains appropriate for reporting.
- Checked and verified a sample of transactions on Xero.

Conclusion: No issues found, substantial assurance confirmed.

Bank accounts

The council maintains four different bank account

- Unity Trust Bank (Reserves)
- Unity Trust Bank (CIL Interest)
- Unity Trust Bank (CIL)
- CCLA
- We examined the users of the bank to ensure there was no unusual or unexpected users. The client explained the banking process, the clerk needs two councillors' approval for any transactions over £1,000. For any transaction less than £1,000 then there needs one authorisation from a councillor.
- Any bank transaction is approved via the minutes for Toll Bar Cottage and the Parish Council. Minutes were reviewed to ensure the transactions were correctly approved.

Conclusion: No issues found, substantial assurance confirmed.

Investments and Loans

The Clerk/RFO has confirmed that the Council has no public funds in other investments and has no loans owed by it, or to it.

Conclusion: No issues found, substantial assurance confirmed.

Credit & Debit cards

The Clerk/RFO has confirmed that the Council has no credit & debit cards in their name, any expenditure bought via card is bought personally by the clerk and then follows the appropriate process.

Conclusion: No issues found, substantial assurance confirmed.

Internal control objective 'B'

'This authority complied with the financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.'

To confirm that the authority has complied with its adopted Financial Regulations by ensuring that all payments made during the financial year were properly authorised, supported by valid invoices or receipts, and recorded accurately. The audit will also verify that VAT has been correctly accounted for, reclaimed where appropriate, and that expenditure decisions are clearly documented and minuted in accordance with council procedures.

- We have reviewed the financial regulations to ensure they have been appropriately adopted. Additionally, the financial regulations have been uploaded to Parish Council website for all members to see.
- Checked and verified that a sample of payments have been validated by the Clerk were presented to the Council for approval.
- Checked and verified that all payment authorisations are recorded in the Council's published minutes.
- Checked and verified Council's all four quarterly VAT reclaims of the 2024-2025 financial year to the VAT control account on Quickbooks.

Conclusion: No issues found, substantial assurance confirmed.

Internal control objective 'C'

'This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.'

To assess whether the authority has identified and evaluated the significant risks it faces in achieving its operational and financial objectives, and to confirm that appropriate measures are in place to manage, mitigate, or insure against these risks. This includes reviewing the existence and regular review of a risk register, the adequacy of internal controls, and the effectiveness of risk-related policies and procedures.

- We enquired with the clerk to confirm an annual risk assessment was carried out and adhered to. We noted that the Council maintains its Risk Registers on their website and is regularly updated.

- Examined the Council's insurance policy to confirm the cover was appropriate and annually reviewed. Cover is provided by Zurich Municipal under a 'Select for Local Council's policy, number is YLL-2720875833 with the period of cover extending to 31st May 2026: Key features include: Employers Liability £10 million, Products Liability £10 million. We consider the level of cover appropriate for the Council's current needs.
- Regarding minutes from meetings, our test ensured each set of minutes were available on the website and had been signed by the appropriate person. Additionally, any Community Infrastructure Levy (CIL) had been documented correctly.

There are no matters in this area of review warranting formal comment or recommendation.

Conclusion: No issues found, substantial assurance confirmed.

Internal control objective 'D'

'The precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored; and reserves were appropriate.'

To evaluate whether the authority followed a sound and transparent budget-setting process in determining its precept, ensuring that the budget was based on realistic assumptions, properly approved, and clearly minuted. The audit will also confirm that actual income and expenditure were regularly monitored against the budget throughout the year, and that the level and use of reserves were appropriate, justified, and in line with the authority's financial strategy.

- We note that the Clerk/RFO and Members undertook a detailed and robust Budget challenge process on the 22nd November 2024 for fiscal year 2025/2026 in respect to the Council's Income & expenditure requirements.
- At the budget challenge meeting the council agreed in principle that the Precept should be £44,000, this amount represents an increase 10.69% which is less than 15% from 2024/25 and therefore does not require an explanation for AGAR in the fiscal year 2025/26.
- The proposed budget allocations for the 2025/2026 financial year were agreed at the finance committee meeting held on Tuesday 10th December 2024 Min 101239.
- The Clerk/RFO shared an excel spreadsheet which was designed to explain the variances for the budget challenge meeting needed no further explanation or investigation.

Conclusion: No issues found, substantial assurance confirmed.

Internal control objective 'E'

'Expected income was fully received, based on correct prices. Properly recorded and promptly banked; and VAT was appropriately accounted for.'

To confirm that all expected income due to the authority was fully received, accurately calculated based on agreed rates or contracts, promptly recorded in the accounting system, and banked without undue delay. The audit will also ensure that income-related VAT was correctly identified, recorded, and reclaimed where applicable, and that adequate supporting documentation exists for all income streams.

- The precept income, received in a single annual instalment from the principal authority, was recorded accurately in the accounting records and reconciled to the bank statement.
- Other income comprised monthly interest payments from CCLA Investment Management Limited, earned on the Council's CiL funds held in the Public Sector Deposit Fund; all receipts were accurately recorded and supported by CCLA statements.
- The remaining income consisted of grants (£2,106.92), donations (£350), bank interest (£708.88), grass cutting services (£6,246), and a contribution from LCC for the Lengthsman scheme (£500). We confirmed that no VAT was applicable to these income streams and agreed the amounts to the relevant VAT returns and supporting documentation.

Conclusion: No issues found, substantial assurance confirmed.

Internal control objective 'F' Internal control objective 'F'

'Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.'

Broughton Parish Council does not operate a Petty Cash system.

Conclusion: No issues found, substantial assurance confirmed.

Internal control objective ‘G’

‘Salaries to employees and allowances to members were paid in accordance with the authority’s approvals, and PAYE and NI requirements were properly applied.’

To verify that all salary payments to employees and any allowances to members were made in accordance with the authority’s approvals and employment contracts, and that statutory deductions for PAYE, National Insurance, and pensions (where applicable) were correctly calculated, recorded, and submitted to HMRC in a timely manner.

- Noted that the Council has one employee which is Jessica Dibble the Clerk/RFO.
- Verified the employment contract of the employee based upon NACL model documents.
- Noted the payroll production process remains outsourced to Walling Accountants.
- Checked and verified the payroll and pensions report throughout the year.
- Verified the detail of gross salaries paid to the employee throughout the year.
- Verified the detail of the net salary to what was paid from the bank to the employee and third party payments of PAYE/NI and Pension to contributions.

Conclusion: No issues found, substantial assurance confirmed.

Internal control objective ‘H’

‘Asset and Investments registers were complete and accurate and properly maintained.’

To confirm that the authority maintains a complete and up-to-date register of all material assets and investments it owns, and that the register accurately reflects asset values, locations, and condition. The audit will also check that the register is reviewed regularly, supports the year-end accounting statements, and is consistent with insurance schedules.

- The Council maintains a clear and proportionate fixed asset register, detailing its buildings, furniture, and equipment. This register is publicly accessible via the Risk Assessment document published on the Council’s website. As at 31 March 2025, the total recorded value of assets was £459,337.80.
- Asset additions during the year were appropriately recorded and included a defibrillator (£1,750), office chair (£80), war memorial statues (£414.90), and planters (£280).
- We verified that the brought forward balance for fixed assets recorded in Xero matched the closing balance reported in Section 2 of the AGAR as at 31 March 2024, confirming the figure of £433,640.29.
- We also confirmed that the total asset value as at 31 March 2025, £459,338 (rounded), agrees to the corresponding figure reported in Section 2 of the AGAR.

Conclusion: No issues found, substantial assurance confirmed.

Internal control objective ‘I’

‘Periodic and year-end bank account reconciliations were properly carried out during the year.’

To confirm that the authority performed regular bank reconciliations for all active accounts throughout the financial year and that a final year-end reconciliation was completed accurately. The audit will verify that reconciliations were properly documented, free from unexplained balances, and that closing bank figures agree with the year-end accounts and supporting documentation.

- We reviewed and verified that bank reconciliations were completed monthly using the Council’s accounting software, Xero, for the period 1 April 2024 to 31 March 2025. All reconciliations were found to be accurate, timely, and free from discrepancies, with no issues arising.

Conclusion: No issues found, substantial assurance confirmed.

Internal control objective ‘J’

‘Accounting statements prepared during the year were prepared on the correct accounting basis (receipt 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.’

To confirm that the accounting statements have been prepared using the appropriate accounting basis (receipts and payments or income and expenditure), are consistent with the underlying cash book, and are supported by a clear and complete audit trail. Where applicable, the audit will also verify that year-end debtors and creditors have been correctly identified and recorded.

The Council’s accounts are maintained using Xero accounting software. As part of our audit, we accessed the system and confirmed that it is actively used to record all financial transactions of the Council. The software provides a full suite of financial reports, including:

- Profit and Loss Statement
- Balance Sheet
- Trial Balance
- Bank Reconciliation Statements

- Journal Entries
- VAT Reports

We verified the accuracy of the accounting records by confirming that the closing Trial Balance as at 31 March 2024 matched the opening Trial Balance as at 1 April 2024. In addition, we reviewed the chart of accounts to ensure that account codes are appropriately assigned and reflect the correct classifications for financial reporting purposes.

Conclusion: No issues found, substantial assurance confirmed.

Internal control objective ‘K’

‘If the authority certified itself as exempt from a limited assurance review in 2022/2023, it met the exemption criteria and correctly declared itself exempt.’

Broughton Parish Council has a turnover in excess of £25,000 and as such does not meet the exemption criteria.

Conclusion: No issues found, substantial assurance confirmed.

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.’

To confirm that the authority has complied with the statutory transparency and publication requirements by ensuring all required financial and governance information was published on its website or webpage and kept up to date at the time of the internal audit. This includes verifying the availability of documents such as the Annual Governance and Accountability Return (AGAR), public rights notices, financial statements, and relevant council policies.

- We observed that the Council maintains an up-to-date and well-structured website, where required information is published in a timely manner. The site is user-friendly, and relevant documents are easily accessible.
- The Council has published its adopted Standing Orders and Financial Regulations, as well as a range of current policies and procedures.
- Agendas and minutes of both Full Council and Finance Committee meetings are regularly uploaded, along with an archive of meeting records from previous years.
- We confirmed that the Notice of the Exercise of Public Rights for the 2023–2024 financial year was appropriately published on the website.

Conclusion: No issues found, substantial assurance confirmed.

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).’

- We reviewed the Council’s minutes and confirmed that a formal resolution to publish the Notice of the Exercise of Public Rights was passed at the meeting held on Tuesday, 4 June 2024. This notice was also readily accessible on the Council’s website at the time of the audit.
- The notice clearly set out the inspection period as Wednesday, 5 June 2024 to Tuesday, 16 July 2024, covering exactly 30 working days, and including the first 10 working days of July, thereby fully complying with the requirements of the Accounts and Audit Regulations 2015.

Conclusion: No issues found, substantial assurance confirmed.

Internal control objective ‘N’

‘The authority has complied with the publication requirements for 2023/24 AGAR.’

To confirm that the authority has complied with the statutory publication requirements for the 2023/24 AGAR, in accordance with the Accounts and Audit Regulations 2015. This includes ensuring that Sections 1 and 2 of the AGAR, the Notice of the Exercise of Public Rights, and the Notice of Conclusion of Audit were published on the authority’s website within the required timeframes.

- We noted that the Council received the External Auditor’s Report and Certificate for the 2023–2024 financial year from PKF Littlejohn LLP, dated 29 September 2024.
- The Notice of Conclusion of Audit was formally issued on the same date, 29 September 2024, by Jessica Dibble, the Clerk and Responsible Financial Officer (RFO).
- We confirmed that the AGAR, along with the External Auditor’s Certificate and Report, and the Notice of Conclusion of Audit for the 2023–2024 financial year, are all correctly published on the Council’s official website in compliance with the Accounts and Audit Regulations 2015.

Conclusion: No issues found, substantial assurance confirmed.

Confirmation of Independence and Quality Assurance

The internal audit was conducted with full independence from the day-to-day financial management and decision-making processes of Broughton Parish Council. At no point during the financial year or the audit engagement did the internal auditor undertake any advisory, financial, or administrative role for the Council. This ensures the objectivity and impartiality of the audit findings. The internal audit has been performed in accordance with the standards and guidance set out in the *Governance and Accountability for Smaller Authorities in England: A Practitioners' Guide*, and is supported by appropriate professional oversight, working papers, and review procedures to ensure the consistency, accuracy, and quality of the audit conclusions.

Acknowledgements

We would like to express our sincere thanks to **Jessica Dibble**, Clerk and Responsible Financial Officer (RFO), for her cooperation, professionalism, and the high standard of preparation ahead of the internal audit. Her timely responses, clear documentation, and commitment to sound financial management greatly assisted the audit process. We acknowledge and appreciate the significant work undertaken by the Clerk/RFO in maintaining the Council's financial records and supporting effective governance throughout the year.



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