Annual Internal Auditor's report 2025/26
Staple Parish Council

Internal Auditor: Deborah O'Brien CiLCA PIALC

Smaller authorities are required by the Accounts and Audit Regulations 2015 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.

In accordance with guidelines contained in the 2025 Practitioners' Guide (JPAG) paragraphs 4.6-4.12, I am independent of the Parish Council and its members as well as being a CiLCA qualified Clerk with over 10 years' experience.

I have carried out a selective assessment of the Council's compliance with relevant procedures and controls, which I expected to be in operation during the year ended 31st March 2026, as outlined in the letter of engagement signed by the Council at its 12th November 2025 meeting. The function of this internal audit is to improve efficiency and effectiveness of the Council's procedures, not to detect errors or fraud, as the management of the Council's internal controls is a function of the Council as a whole. (Practitioners' Guide, paragraphs 4.4-4.5).

This internal audit has been conducted electronically utilising requested documents provided by the Clerk, as well as those present on the website at Staple Parish Council. In addition, a Zoom meeting was held on 29th May 2026 to view hard copies of certain records.

This written report is laid out using the same format and headings as the AGAR Internal Audit report (page 3). Where I have answered NO to any of the AGAR assertions, the comments in bold in this report demonstrate the reasoning. I would recommend that the Practitioners' Guide is also referenced – the version for 2025/26 is available at Practitioners' Guide 2025. A newer version for 2026/27 can also be downloaded.

Overall, the standard of management and governance processes is improved, with some issues highlighted below for the attention of the Parish Council. I would like to thank the new Parish Clerk/RFO, Lucy Denny for her cooperation and assistance in facilitating this internal audit.

Internal Audit report assertions

A. Appropriate accounting records have been properly kept throughout the financial year.

- The Clerk has provided a spreadsheet cashbook which reconciles to the year-end bank statements.
- Prior year's cashbook has been correctly brought forward.
- There should be a column in the accounts for S. 137 expenditure, to ensure that statutory limits are not exceeded. In addition, I recommend a column illustrating VAT expenditure.
- Council minutes for the year are on the website, and I viewed samples of initialled, signed and dated approval hard copies. Parish Council minutes become a legal document once they are physically initialled (each page), signed and dated following approval at the ensuing meeting. I noted that the acceptance of minutes is only recorded as: *"The minutes of the previous meeting were agreed as accurate*". I would recommend that the date of the previous meeting to which they refer is also included. The pages must be numbered sequentially and filed in accordance with Local Government Act 1972 sched 12 paragraph 41 (1) (2).

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

- Financial Regulations were updated and adopted in October 2025 and are based on the 2025 model template.
- Invoices are processed promptly, with the Clerk/RFO checking for validity and prior authorisation. They are then presented to full council for approval at a meeting.
- A random sample of financial transactions was examined in detail and generally found to be administered correctly in accordance with Financial Regulations. One invoice was missing - £650 for shelter repairs. I recommend obtaining a copy from the supplier.
- Two Councillors are authorised on the banking mandate with the Clerk/RFO as administrator. Two Councillors are required to authorise payments, which are made by BACS. I would again recommend that at least four Councillors are on the mandate as signatories, with one non-signatory designated as responsible for internal controls.
- No council debit card is in place. Occasional purchases are made by the Clerk and reimbursed.

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

- The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of

internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. I would recommend formally minuting this when reviewing the AGAR submission.

- A Strategic Risk Assessment that covers both financial and operational risks was adopted at the October 2025 meeting. I recommend minuting when this is reviewed annually.
- Standing Orders were updated and adopted in October 2025.
- Insurance is in place to appropriate levels for Assets, Fidelity, Employers and Liability. Assets were not originally included in the 2025/26 policy but were added in during the year with coverage backdated. The Clerk has obtained quotes for 2026/27 which include assets and an appropriate decision will be made in conjunction with the Chairman to ensure coverage under delegated powers as listed in Financial Regulations paragraph 6.6(i).
- Asset inspections: The Council undertakes periodic inspections of its assets. I recommend documenting this and any remedial works undertaken. As mentioned last year, regular tree inspections should be conducted by an arboriculturalist and I would check with your insurers as to the frequency they require.
- Full risk assessments should be conducted for all Council activities and kept on file, as well as risk assessments and copies of liability insurance from any contractors used.
- Electronic documents are backed-up to cloud storage.

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

- The 2025/26 budget was agreed at the 8th January 2025 meeting, and the Precept was set at £12,990.
- The 2026/27 budget was agreed at the 10th December 2025 meeting, and the Precept was set at the !4th January 2026 meeting in the amount of £13,380.
- Budget vs expenditure reviews are conducted periodically throughout the year. I recommend that these are minuted.
- There are no ear-marked reserves although reserves are considered as part of the budgeting process. A Reserves Policy is to be developed.

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

- The precept received (£12,991) agrees to the precept request for 2025/26 and matches central government records.
- VAT refund claims have now been made for 1/4/2023-31/3/26 in the amount of £1,917.01 and will be received in the 2026/27 financial year. I would recommend claiming annually at a minimum - see Claim a VAT refund as an organisation not registered for VAT - GOV.UK

- The Council is not registered for VAT as it does not make vat-able supply.
- Bank interest of £26.71 was earned.
- A Grant was received in the amount of £1,933 from KALC.

F. Cash payments were properly supported by receipts, all cash expenditure was approved and VAT appropriately accounted for.

- No cash received or petty cash held – not applicable. Financial regulations contain provision for this should it occur.

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.

- The Council has one employee, whose contract was due to be finalised at the May 2026 meeting. A formal contract is required, together with a confirmatory letter setting out any changes to contract. Employment contracts: Overview - GOV.UK (www.gov.uk)
- A working from home allowance is paid – this amount should not be included in line 4 staff costs. However, it was noted that the payment is for £40 month of which £26 is tax free but the balance is taxable. I recommend referring to EIM01476 - Employment income: household expenses: how much can be reimbursed - HMRC internal manual - GOV.UK
- The Council is registered with HMRC as an employer, and Basic Tools PAYE software is used for payroll processing and reporting to HMRC which is a requirement even if no PAYE is due.
- I have not viewed the year-end HMRC online balances. I recommend logging into HMRC online, using your government gateway number and password to view the Parish Council's PAYE statements and verify any balances.
- **As mentioned last year, the Council is not registered with the Pensions Regulator which is a statutory requirement even if any employee falls below the threshold for pensions and the Council does not have to provide a pension scheme. I would recommend that the Council reviews I'm an employer who doesn't have to provide a pension now | The Pensions Regulator**
- No Councillors' allowances are paid.

H. Asset and investment registers were complete and accurately and properly maintained.

- The asset register has been reviewed and revised in February 2026. Valuations should be based upon purchase price, although the column headings indicate 'replacement value'. Any land owned should also be included; for valuations see Practitioners' Guide paragraphs 5.16 and 5.57-5.69. I would recommend minuting this and ensure that it the register is considered when reviewing the insurance renewal.

- The Council does not hold any long-term investments, nor does it have any outstanding loans.

I. Periodic bank account reconciliations were properly carried out during the year.

- Bank reconciliations are prepared monthly and submitted to full council. These should be physically signed & dated and kept on file.
- I was able to verify that the year-end bank reconciliation agrees to supporting bank statements.

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.

- The council has prepared its accounts on receipts and payments basis.
- The Accounting Statements (AGAR) prepared by the RFO agree to the cashbook.
- Line 2 agrees to the value of the precept raised and received.
- Line 4 staff costs should not include working from home allowance.
- Line 8 agrees to the year-end bank reconciliation and supporting bank statements.

K. If the authority certified itself as exempt from a limited assurance review in 2024/25, it met the exemption criteria and correctly declared itself exempt.

- The Council met the criteria as set out in Form 2 of the Annual Governance & Accountability Return. Neither payments nor receipts exceeded £25,000.
- The Council approved the 2024/25 Certificate of exemption at its 11th June 2025 meeting.
- The exemption certificate is published on the Council's website.

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.

- **Transparency Code for Smaller Authorities 2015. Parish Councils below the £25,000 threshold are required to follow the Transparency Code guidelines for publication, which includes: all items of expenditure above £100; end of year accounts; annual governance statement; internal audit report; a list of councillor or member responsibilities; details of public land and building assets; and minutes, agendas and meeting papers of formal meetings. Part of the Transparency Code publication requirements is that all supporting papers (draft budgets for example) are published with the agendas for meetings. See page 6 paragraph 10 of the Code. As mentioned last year, the**

Council is not fully compliant with the Code. (supporting documents for meetings, details of land owned)

- **As mentioned last year, regarding the Freedom of Information Act 2000 - the website does not contain the ICO's model publication policy which is a requirement. I would recommend reviewing SLCC | FOI: What Parish, Town, and Community Councils Need to do in 2026 and adopting and publishing the relevant documents, including the Model Publication Scheme.**
- The Accounts and Audit Regulations 2015 – regulation 13 requires that all authorities publish on their website for at least 5 (five) years: the Annual Governance statement, the Statement of Accounts, any Certificate of Exemption, the AGAR Internal Audit report, the analysis of variances, bank reconciliations and notice of public rights. It is also recommended that you publish the Internal Auditor's written reports. The Council met this requirement fully for the most recent two years and partially for previous years.

M. In the year covered by the AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (*during the 2025-26 AGAR period, were public rights in relation to the 2024-25 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set?)*

- I have viewed a copy of the dates for Electors' Rights which took place between Monday 16th June and Friday 25th July 2025 (30 working days). The date of announcement was 15th June 2025. The notice is available on the Council website.

N. The authority has complied with the publication requirements for 2024/25 AGAR *(see AGAR page 1 Guidance Notes)*

- The Certificate of Exemption, analysis of variances and notice of public rights Internal Audit (AGAR) report, Governance Statement and Accounting Statement and bank reconciliation are all on the website.

O. The authority has complied with laws, regulations & proper practices relating to digital and data compliance.

- E-mail management – the parish council has a dedicated generic email account hosted on the PC's domain.
- All websites must meet the Web Content Accessibility Guidelines 2.2 AA and the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018 (where applicable). The website accessibility statement was last reviewed in April 2026. It states that it meets WCAG 2.1AA which does not meet current requirements (this was raised last year). Even if the website is outsourced, it is the responsibility of the Parish Council to be compliant with regulations. Accessibility statement requirements are that it is reviewed when there are major changes to legislation and at least annually.

Make your website or app accessible and publish an accessibility statement - GOV.UK

- The Parish Council follows both the General Data Protection Regulation (GDPR) 2016 and the Data Protection Act (DPA) 2018. A data audit has not been conducted, but appropriate policies are available on the website. I would recommend conducting a data audit.
- The Council is registered with the Information Commissioner's Office (ICO) as a Data Processor as required. The Information Available document is not available on the website. (see assertion L) I would recommend setting up a direct debit for the annual fee as this offers a £5 discount.
- The Parish Council adopted an IT policy at the May 2026 meeting.

P. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.

- Not applicable, not a trustee.

Other matters not covered above:

- I would recommend that the Council reviews the 2026 edition of Practitioners' Guide, as it contains new requirements and guidance which will affect the 2026/27 audit. A summary of the changes and the guide itself can be viewed at Practitioners' Guide 2026.
- Acceptances of Office – it was noted that the May 2025 documents were not counter-signed by the former Clerk. Procedures are now in place to ensure forms are properly completed.
- It is a requirement that summonses to meetings are signed/certified by the Proper Officer. See Local Government Act 1972 paragraph 10 (2) (b). I would recommend adding this to future summonses/agenda.

This report and its recommendations are to help the Council and not to criticise it. There are many excellent practices in place which reflect well on the Clerk/RFO/Proper Officer. The report should be submitted along with the Annual Internal Audit Report 2025/26 to the full council for review and consideration. If you have any questions, please do not hesitate to ask.

Deborah O'Brien **CiLCA PIALC**
29th May 2026