

# Black Rose Solutions Ltd

## Internal Audit - Report

Name of Council - **Audley Rural Parish Council**

Date of Audit - **9th February and 20th April 2026**

### Annual Return - Internal Control Objectives

<b>A. Appropriate accounting records have been properly kept throughout the financial year.</b>	YES
Is the cashbook maintained and up to date?	yes
Is the cashbook arithmetic correct?	yes
Is the cashbook regularly balanced?	yes
The council uses the Scribe financial system, no issues noted.	
<b>B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.</b>	YES
Are payments supported by invoices?	yes
Is all expenditure approved?	yes
Is VAT appropriately accounted for?	yes
Does the Council hold Power of Competence?	yes
Re adopted?	n/a
If not, does the council monitor s137 expenditure against limit?	n/a
FR 7.7 requires that proof is kept of who has authorised online payments, the bank only keeps limited history. All bank payments are set up by the clerk and approved by the chair, but to be in line with Financial Regulations evidence of this should be retained.	note
<b>C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</b>	YES
Does a review of the minutes identify any unusual financial activity?	no
Do minutes record the council carrying out an annual risk assessment?	yes
Is Insurance cover appropriate and adequate?	ok
Are internal financial controls documented and regularly reviewed?	yes
	<b>Review</b>
	Risk Assessment 17/04/2025
	Financial Regulations 19/06/2025
	Standing Orders 17/04/2025
The standing orders have been updated to the latest NALC template in April 26	

<b>D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</b>		YES
Has the council prepared an annual budget in support of its precept?		yes
Is actual expenditure against the budget regularly reported to the council?		yes
Are there any significant unexplained variances from budget?		no
Does the precept recorded agree to the Council Tax authority's notification?		yes
Are reserves appropriate?		**
	Earmarked Reserves	138,205
	General Reserves	42,209
	Months of Income	2
	Months of expenditure	2
The council has year end balances of £180k, of which £138k is earmarked for elections and projects. This leaves general reserves around £42k, which is 2 months of income/expenditure. Guidelines state the councils should hold between 3 and 12 month of income/expenditure for cash flow and contingency purposes. (Further details in Practitioners Guide 5.32 - 5.38)  PG 5.33. The generally accepted recommendation with regard to the appropriate minimum level of a smaller authority's general reserve is that this should be maintained at between three and twelve months of net revenue expenditure.		note

<b>E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.</b>		YES
Is income properly recorded and promptly banked?		yes
Are security controls over cash and near-cash adequate and effective?		yes
Is the council VAT registered?		no
Are returns submitted in a timely manner?		yes
Is VAT reclaimed on exempt business activities reviewed and considered insignificant?		n/a
Are receipts for business activities within the registration threshold?		n/a

<b>F. Cash payments were properly supported by receipts, all petty expenditure was approved and VAT appropriately accounted for.</b>		N/a
The council does not hold cash		

<b>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.</b>		YES
Do all employees have contracts or employment with clear terms and conditions?		yes
Do salaries paid agree with those approved by the council?		yes*
Are other payments to employees reasonable and approved by the council?		yes
Have PAYE/NIC been properly operated by the council as an employer?		yes
Does line 4 include only Salary, NI & Pension		yes
Does the council monitor off payroll working (IR35)		yes
During the 24/25 financial year, the SCP annual rates were converted to hourly rates using 52.143 weeks (365 days / 7) - previously 52 weeks was used. This change had been missed when calculating monthly salaries leading to small underpayments. This has been corrected.		note

<b>H. Asset and investments registers were complete and accurate and properly maintained.</b>	YES
PG.5.65. Assets that do not have a functional purpose or any intrinsic resale value (for example, a village pond or war memorial) are often referred to as 'community assets'. Authorities should record community assets in the asset register in the same way as gifted assets	**
Does the council maintain a register of all material assets owned or in its care?	yes
Are the assets and investments registers up to date?	yes
Do asset insurance valuations agree with those in the asset register?	yes
The council has war memorials included in the asset register at cost. The practitioners guide suggests that war memorials be treated like a community asset and included at £1, however, if there is an intrinsic value (i.e. the value of the stone) there is a case for including at cost.	note
The council should consider whether to adjust these items. The purpose of the asset register is to monitor continued ownership, list assets for consideration of risk and insurance. The actual value reported has no accounting purpose, there is no balance sheet, or depreciation, all capital expenditure is included in Line 6 - Other Payments. It is required that the valuation is consistent, and guidance is given in the practitioners guide.	note
<b>I. Periodic and year-end bank account reconciliations were properly carried out.</b>	YES
Is there a bank reconciliation for each account?	yes
Is a bank reconciliation carried out regularly and in a timely fashion and approved by council?	yes
Are there any unexplained balancing entries in any reconciliation?	no*
Is the value of investments held summarised on the reconciliation?	n/a
The standard Scribe bank reconciliation shows a line for unpresented payments, but does not automatically list these. It is important that a list of these items is included and reviewed with the reconciliation paperwork to substantiate any difference between the cashbook and bank statements.	note
The draft accounting statements did not include the March Savings account interest. This was updated and reviewed by Internal Audit as soon as the statement had been received.	note
At present the bank reconciliation is reviewed and signed off by the Chair, FR2.6 says it should be someone other than the Chair or signatory. A councillor who is not a signatory will sign off bank reconciliations in the future.	note
<b>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.</b>	YES
Are year end accounts prepared on the correct accounting basis (receipts and payments or income and expenditure) ?	I&E
Are debtors and creditors properly recorded?	yes
Do accounts agree with the cashbook?	yes
Is there an audit trail from underlying financial records to the accounts?	yes

<b>K. If the authority certified itself as exempt from a limited assurance review in 24/25, it met the exemption criteria and correctly certified itself exempt</b>	N/a
The council did not certify itself exempt	

<b>L. The authority publishes information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.</b>	YES
<b>All councils - Accounts and Audit Regulations 2015</b>	yes
<b>Accounts remain published for 5 years</b>	yes
<b>ICO Publication Scheme</b>	yes
<b>Community Infrastructure Levy Return</b>	n/a
<b>Transparency Code for Larger Authorities (income/expenditure &gt;£200k)</b>	
<b>Quarterly:-</b>	
All items of expenditure above £500	yes
Procurement information (initiations to tender > £5k)	n/a
<b>Annually:-</b>	
local authority land	yes
grants to voluntary, community and social enterprise organisations	yes
organisation chart	n/a
senior salaries (>£50k)	n/a
constitution (standing orders)	yes
pay multiple	n/a
Councils with turnover above £200k should as best practice comply with the Transparency Code. The council may also wish to consider Freedom of Information regulations in terms of what needs to be made available (either on website or via other published means)	

<b>M. The authority has demonstrated that during summer 2025 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations. (Evidenced by website or minutes)</b>	YES
Approval Date (meeting)	15/05/2025
Publication Date (announcement date)	02/06/2025
Date from (commencement date)	03/06/2025
Date to	14/07/2025

<b>N. The authority has complied with the publication requirements for 2024/25 AGAR.</b>	YES
Notice of Period for Exercise of Electors Rights	yes
Section 1 Annual Governance Statement	yes
Section 2 Accounting Statements	yes
Notice of Conclusion of Audit	yes
Section 3 External Audit Report & Certificate	yes
Internal Audit Report	yes

<b>O. The authority complied with laws, regulations &amp; proper practices relating to digital and data compliance.</b>	YES
Generic Email on council owned domain	yes
Website Accessibility tested and published	v2.1 Oct 2020
Data Audit Completed	Jan-26
Data Protection Policy Reviewed	15/01/2026
IT policy	15/01/2026
Website accessibility has been tested recently - the website statement needs to be updated to reflect this. At the time of audit it referenced WCAG v2.1 and had a review date in 2020. Upon enquiry from IA - this has now been updated.	note

<b>P. Trust funds (including charitable) – The council met its responsibilities as a trustee.</b>	N/a
The council is not a trustee	