



Kelbrook & Sough Parish Council Internal Audit Report

Financial Year Ending 31st March 2026

Date of Internal Audit: 10th April 2026
Prepared by: Internal Audit Yorkshire

Date Report Issued: 12th April 2026
Internal Auditor: Ms Safia Kauser

Internal audit does not involve the detailed inspection of all records and transactions of an authority in order to detect error or fraud.

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Statement of Responsibility

1.1 Background

The Accounts and Audit Regulations 2015; 5 (1) require a relevant authority 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.' The Governance and Accountability Practitioners Guide is regarded as the 'non-statutory' guidance referred to within the above act. A copy of the guide is available from the National Association of Local Councils website. Smaller authorities in England must complete an Annual Return and an Annual Governance Statement to the public. The Annual Return must be submitted to the external auditor within the statutory deadline of 30 June.

1.2 Purpose of Internal Audit

Internal auditing is an independent, objective assurance activity designed to improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Internal auditing tests the continuing existence and adequacy of the authority's internal controls. The internal audit function must be independent from the management of the financial controls and procedures of the authority which are the subject of review. The person or persons carrying out internal audit must be competent to carry out the role in a way that meets the business needs of the authority. It results in an annual assurance report to members designed to improve effectiveness and efficiency of the activities and operating procedures under the authority's control. Managing the authority's internal controls is a day-to-day function of the authority's staff and management, and not the responsibility of internal audit.

1.3 Responsibility

The internal audit work was undertaken in accordance with the agreed scope of assignment and in accordance with the letter of engagement. The council as a corporate body is responsible for ensuring that council business is conducted in accordance with the law, regulations and proper practices and that public money is safeguarded and properly accounted for. This report and findings are based on the information that was made available during the course of the audit. The matters raised in this report should not be read as a comprehensive statement of all the weaknesses identified or all improvements to be made. Internal Audit work should not be relied upon to identify all circumstances of fraud and irregularity, should there be any. Internal audit does not involve the detailed inspection of all records and transactions of an authority in order to detect error or fraud.

1.4 Our Objectives & Programme of Work

Our work during the audit has enabled us to reach the judgements on the internal control objectives in the Annual Internal Audit Report which forms part of the Councils Annual Governance and Accountability Return [AGAR] on whether, in all significant aspects, the control objectives were being achieved throughout the year to an adequate standard. Negative responses (if any) are supported by the findings in the internal audit report. Where the response is negative, the council is required to explain to the external auditor the corrective action being taken to address the weaknesses in the control identified. The Internal audit report should inform the authority's responses to Assertions 2 and 6 in the Annual Governance Statement that forms part of the Annual Governance and Accountability Return [AGAR]. This internal audit report should therefore be made available to support and inform members considering the authority's approval of the annual governance statement.

The Council

1.1 Kelbrook & Sough Parish Council

Kelbrook is a village in the civil parish of Kelbrook & Sough, Borough of Pendle, in Lancashire, England. It lies on the A56 road between Colne and Earby. It had a population of 1,026 recorded in the 2011 census and represents the first tier of local government. The second tier of local government is Pendle Borough Council and the third tier of local government is Lancashire County Council.

1.2 We are informed that the Parish Councils core service areas, activities and responsibilities relate to:

- Maintenance and upkeep of Kelbrook Park which includes a play area (owned by the Parish Council).
- Maintenance costs towards Earby Memorial park in conjunction Earby Parish Council (ownership of the Park is with Pendle Borough Council, the location of the park falls within the boundary of Sough).
- Bus Shelters, Benches; Picnic Benches and Planters
- Upkeep of noticeboards
- Remembrance Day Event
- Christmas Lights
- Neighborhood Plan

1.3 The precept for the 2025/2026 financial year was £15,767.

Internal Audit Findings and Recommendations

Accounting Records

Internal Control Objective A: Appropriate accounting records have been kept properly throughout the year.

Aim: To provide assurance that the books of account have been properly kept throughout the year and that data input controls are accurate.

Internal Audit Testing	Compliance	Comments / Recommendations
Has the council appointed a Responsible Financial Officer (RFO)?	Yes	Section 151 of the Local Government Act 1972 requires the Council to appoint an officer responsible for overseeing the proper administration of its financial affairs. The Clerk has been formally appointed as the Responsible Financial Officer, and this appointment was clearly documented within the Clerk's contract of employment.
Has the Responsible Financial Officer (RFO) determined a form of accounting and supporting records which have been maintained throughout the year?	Yes	The accounting records are maintained by the RFO in an Excel-based cashbook, which records all receipts and payments alongside the relevant budget codes and transaction details. Whilst entries were found to correspond with the supporting financial documentation reviewed, the cashbook does not currently include a unique reference number to link each entry directly to the corresponding invoice or receipt. It is recommended that the cashbook incorporates a receipt/payment reference field to strengthen the audit trail. RECOMMENDATION 1: That the cashbook incorporates a receipt/payment reference field to strengthen the audit trail to underlying paperwork.
Do the accounting records contain entries from day to day of all sums of money received and expended by the council? Is the arithmetic correct?	Yes	The council operates with one bank account that corresponds to the cashbook. (1) – Unity Trust Bank Account (Current T1) The invoices were reviewed against the cashbook to confirm data input accuracy and arithmetical accuracy and reviewed against the bank statements. No significant issues were identified from the cashbook.
Do the previous year's annual return figures agree with the current year's opening balances in the cash book?	Yes	The council's closing balance as at 31 March 2025 was reported as £24,333 (rounded) in Box 7 of the AGAR Accounting Statements. This balance was correctly carried forward to the cashbook as the opening balance on 1 April 2025 (£24,333.15)
Internal Audit Response		Yes

Payment Controls [Standing Orders – Financial Regulations – Expenditure Testing & VAT]

Internal Control Objective B: This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.

Aim: To provide assurance that Standing Orders, Financial Regulations and Appropriate payment controls (payments supported by invoices, expenditure is approved, VAT is correctly accounted for) are in place and are followed

Internal Audit Testing	Compliance	Comments / Recommendations
Has the Council adopted the Standing Orders and are these in accordance with the latest NALC model?	Yes	The Standing Orders were reviewed and adopted at the Annual Council meeting held on the 09 th May 2025 and are based on the latest NALC model standing orders March 2025.
Has the Council adopted Financial Regulations and are these up to date with the latest NALC Model? And tailored to the Council?	Yes	The Financial Regulations were reviewed and adopted at the Annual Council meeting held on the 09 th May 2025 and are based on the latest NALC model Financial Regulations March 2025.
Are there procedures for formal tenders and quotes consistent with the Standing Orders and Financial Regulations?	Yes	The value threshold for formal tenders was found to be consistent across both the Standing Orders and the Financial Regulations. This threshold is set at £60,000, with detailed tendering procedures outlined within the Financial Regulations.
Are all payments listed in the cashbook supported by invoices, authorised and minuted in accordance with the Financial Regs? Certification of an account stamp used?	Yes	<p>Payments were routinely presented to monthly Council meetings and published within the agenda pack available on the Council's website. Payment schedules were found to be approved by the council, and the signed schedules were made available for audit review.</p> <p>A discussion was held with the Clerk relating to the detail of the payments schedule to be disclosed in the minutes or as an appendix to the minutes. This follows our recommendation in the last year internal audit report and for compliance with Financial Regulations which requires 'A detailed list of all payments shall be disclosed within or as an attachment to the minutes of that meeting'.</p> <p>All invoices reviewed were found to be certified for payment by the RFO and counter-signed by the Chair and two councillors, demonstrating compliance to the Council's internal authorisation procedures.</p>

<p>Has the council complied with the quotations procedures for obtaining quotations and formal tender requirements?</p>	<p>See Findings</p>	<p>The Council's Financial Regulations require that three estimates be obtained for purchases valued between £500 and £3,000 (excluding VAT), with acceptable evidence including online pricing or recent quotations from regular suppliers.</p> <p>No major tendering activity took place during the year. Two transactions were selected for review: the purchase of two benches and the annual insurance renewal. For the benches, the Clerk provided evidence of a desktop procurement exercise and the written quotation that formed the basis of the award decision. For the insurance renewal, a quotation was obtained from a new provider, and the Council entered into a three-year long-term agreement. The internal auditor is informed that the existing provider, Zurich, did not submit a revised quotation despite being provided with the updated asset register by the Clerk.</p> <p>Based on the evidence reviewed, the quotations obtained and the procurement approach was adequate. However, the Council must ensure full compliance with the tendering requirements set out in the Financial Regulations, and where these requirements are not met, the reasons should be clearly documented and recorded in the minutes. Failure to do so increases the risk that the Council is unable to demonstrate best value for money.</p>
<p>Is there a segregation of duties between writing cheques and/or setting up online payments and physical release of payments? Do the instructions for the payment of invoices comply with the Financial Regulations?</p>	<p>Yes</p>	<p><u>Cheque Payments</u> The council does not operate with cheque payments.</p> <p><u>Online Payments</u> The Unity Trust Bank operates with dual control with the Clerk authorised to set-up a payment and a councillor to authorise the payment.</p> <p>RECOMMENDATION 2: That the council considers other authorised signatories in the absence of the Clerk of the nominated councillor for business continuity purposes.</p>
<p>Does the council have any direct debits or Standing Orders in place? Have these been reviewed in accordance with the Financial Regulations?</p>	<p>Yes</p>	<p>The council carried out a formal review of the direct debits and standing orders at the meeting held on the 18th March 2025.</p> <p>Current Direct Debits were noted, as recorded:</p> <ul style="list-style-type: none"> • Easyweb (monthly) – hosting, domain, email, SSL Certs • Tax Assist (monthly) – Payroll administration • ICO (annual) – Data protection fee • HMRC – PAYE (variable)

<p>Is there an authorised list of continuing contracts and obligations?</p>	<p>Yes</p>	<p>A formal review of payments arising from continuing contracts or obligations was undertaken by the Council at its meeting on 18 March 2025, during which a Regular Payment Review Policy was adopted.</p> <p>It is noted that, while the Council has introduced a standalone Regular Payment Review Policy, this duplicates controls already set out within the Council's Financial Regulations which require the Clerk/RFO to prepare, for each financial year, a schedule of regular payments due under ongoing contracts or obligations (such as salaries, PAYE, National Insurance, pension contributions, rent, rates, and routine maintenance contracts) for the Council to authorise in advance.</p> <p>Although the adoption of a separate policy demonstrates an intention to strengthen oversight, maintaining parallel processes creates a risk of inconsistency or gaps in compliance.</p> <p>RECOMMENDATION 3: The Council should review the Regular Payment Review Policy with the existing Financial Regulations to avoid duplication and ensure that a single, consistent control framework for approving ongoing payments is in place within the Financial Regulations as the council's primary governance document for financial administration. The council may wish to update the existing controls within the Financial Regulations to incorporate any additional policy requirements (where these are considered necessary to strengthen current controls). This will help ensure clarity, consistency, and full compliance whilst maintaining a robust and transparent process for authorising regular payments.</p>
<p>Is S137 separately recorded and within limits? Is S137 expenditure of direct benefit to electorate? Is S137 expenditure minuted?</p>	<p>Yes</p>	<p>The council awarded two grants during the year of £250.00 each. These were supported by a formal application form and considered at a legally convened council meeting.</p>
<p>Is VAT correctly recorded in the cashbook and linked to invoices? VAT evidence, recording and reclaim?</p>	<p>Yes</p>	<p>The Council is not VAT-registered. A review of the cashbook and supporting invoices was carried out to confirm that VAT had been correctly recorded and reclaimed where eligible. Some weaknesses were identified and discussed with the Clerk during the audit.</p> <p>As highlighted in last year's internal audit report, any VAT invoices relating to a purchase made on behalf of the Council and for which reimbursement is sought must be addressed to the Parish Council to enable VAT recovery and to evidence that the expenditure is a legitimate Council cost.</p> <p>During this year's review, one reimbursement to a councillor for the purchase of fence posts could not be reclaimed for VAT purposes (£7.50) due to the invoices not being addressed to the Council.</p>

		<p>In addition, several invoices reimbursed to the Clerk were addressed to the Clerk's home address, resulting in further VAT amounts being unrecoverable.</p> <p>VAT 126 – Reclaim – The reclaim form has been submitted to HMRC to recover £1,973.78. This covers the period from 01.04.2025 to 31.03.2026 to align with the financial year-end.</p> <p>RECOMMENDATION 4: The Council should ensure that all invoices for reimbursed purchases are addressed directly to the Parish Council rather than to individual councillors or the Clerk. This will allow VAT to be correctly reclaimed and prevent avoidable loss of VAT income. Invoice details should be verified prior to processing reimbursement claims.</p>
Internal Audit Response:		Yes

Risk Management

Internal Control Objective C: This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

Aim: To obtain assurance that risk management arrangements are adequate to manage all identified risks.

Internal Audit Testing	Compliance	Comments / Recommendations
<p>Has an annual risk assessment been carried out? Does this include all financial and non-financial risks? <i>*To be formally adopted at least annually</i></p>	<p>Yes</p>	<p>In the previous years audit, it was recommended that the Council develop and adopt a corporate risk register covering all financial and non-financial risks, to be reviewed at least annually and formally approved by the Council.</p> <p>During the current financial year, the Council adopted a Risk Management Policy and a risk register at its meeting held on the 8th May 2025. A review of the register found that, although it identifies the main areas of risk exposure, it does not include key business continuity, for example, the inability to make payments if authorised signatories (e.g., the Clerk who sets up payments, or the Chair who approves them) are absent and the additional controls required to manage the risk.</p> <p>The register does not include any risks relating to IT back-up arrangements, data security, or disaster recovery. These omissions identify that although the council may have controls in place, it has not yet formally assessed the controls required to protect essential records and ensure continuity of operations in the event of system failure or data loss.</p>

		<p>RECOMMENDATION 5: That the corporate risk register is reviewed and updated to ensure that all key risks are fully included ie business continuity risks (authorised signatories) and IT-related risks covering data back-up, system security, and disaster recovery arrangements. A risk-rating matrix should be considered as this can support the additional controls required to manage the risk appetite, scoring and prioritisation of risks. Further guidance on risk management is available in the Governance and Accountability Practitioners Guide.</p>
<p>Is there appropriate arrangements in place for the monitoring of play areas, open spaces and sports pitches.</p>	<p>Yes</p>	<p><u>Benches and Bus Shelters</u></p> <p>The corporate risk assessment does not include any controls relating to the health and safety inspection of benches and bus shelters for which the Parish Council is responsible. Following discussion with the Clerk, the internal auditor has been informed that the council has received formal notification from Lancashire County Council to confirm that they have replaced and taken responsibility for all bus shelters. Subsequently, this has resulted in the bus shelters to be disposed and removed from the asset register and recorded in the disposals register.</p> <p>A physical inspection of all assets is carried out twice a year by councillors and this includes the benches. A review of this document was carried out and although the comments in the report refer to the condition as ‘good’ or ‘poor’ there is no assessment criteria to determine how these are assessed.</p> <p><u>Kelbrook Park</u></p> <p>The Council is responsible for Kelbrook Park, including the play area. We are informed that Kelbrook and Sough Parish Council holds responsibility for the park and its equipment, although this does not extend to ownership of the land itself.</p> <p>Routine play inspections are carried out by ROSPA-qualified staff from Pendle Borough Council, and the annual external inspection is undertaken by an independent third-party provider arranged through Pendle Borough Council. A copy of the most recent annual inspection report was provided during the audit.</p> <p>RECOMMENDATION 6: The Council should also ensure that an action plan is developed to prioritise and address any issues identified through the annual inspection.</p>

<p>Is there appropriate levels of cover in place for land, buildings, public, employers' and hirers (where applicable) liability, fidelity / employees (including councillors) liability, business interruption and cyber security?</p>	<p>Yes</p>	<p>The councils policy is in place with Clear Councils and the policy is effective from the 01st June. A three year long-term agreement is in place. A review of the policy confirmed that the main insurable risks including public liability and employers liability. Other cover in place includes personal accident, libel and slander, fidelity guarantee, legal expenses. A list of insured asset categories are in place as part of the insurance cover.</p> <p>The council does not have any cover in place for cyber security. This type of insurance cover may help the council in recovering against a cyber-attack, including data recovery support, dependant on policy cover.</p>
<p>Has the council carried out a review of the effectiveness of internal controls?</p>		<p>Regulation 6 of the Accounts and Audit Regulations 2015 requires the council to conduct each financial year a review of the effectiveness of the system of internal control. The review assists the council to respond to the Annual Governance Statement, Assertion two.</p> <p>The Council has adopted an Internal Controls Policy, supported by a template used to carry out the required control checks. The completed review was found to be properly recorded, signed by councillors, and reported to the Council. Maintaining this process will help demonstrate compliance with the AGAR governance assertion two.</p>
<p>GDPR and back-up data? Is there a password list and business continuity plan?</p>	<p>Yes</p>	<p><u>GDPR Policies</u> Following our recommendation in the previous year, the council has made good progress in carrying out a review of policies and adopting the GDPR policies. The policies adopted include the following:</p> <ul style="list-style-type: none"> • Data Protection Policy • Councillor Email Policy • Data Breach Policy • IT Policy • Bring Your Own Device Policy • Retention Schedule Policy <p><u>Back-Up data arrangements & Password list</u> These arrangements remain unchanged from the previous year audit. All data on the laptop is backed up on the hard-drive of the laptop and on Microsoft One-drive cloud back-up. A password list is maintained and is with the Chair of the council.</p>
<p>Internal Audit Response: Yes</p>		

Budgetary Controls And Financial Health

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.

Aim: Verify the annual precept request is the result of a proper budget process, that budget progress has been regularly monitored and the Councils reserves are appropriate.

Internal Audit Testing	Compliance	Comments / Recommendations
Is there an annual budget to support precept? Has the budget been discussed and adopted by council?	Yes	The budget was considered at the Council meeting held on 15 January 2026. A precept of £15,767 was approved for the 2026/27 financial year, representing no change from the previous year. The budget was supported by an accompanying budget document, which was found to be sufficient to justify the precept request and to demonstrate that the Council had met its responsibilities in setting the precept.
Is the precept demand correctly recorded in the minutes?	Yes	In the last year's internal audit, it was recommended that the Council ensure the budget discussion and agreed precept level are clearly recorded in the minutes. This recommendation has been implemented. The approved precept of £15,767 was formally recorded in the minutes of the Council meeting held on 15 January 2026 (Minute reference: 26.15.01).
Is the budget against spend comparisons provided regularly to the Council? I.e. quarterly basis? Any unexpected significant variances?	Yes	The Council has received and reviewed budget monitoring reports throughout the year. However, some items of expenditure were incurred without an allocated budget, and this has been acknowledged by the Council. The Council should ensure that all expenditure is managed within approved budgets, as unplanned spending can reduce reserves over time and may affect future precept-setting decisions. RECOMMENDATION 7: The Council should ensure that all expenditure remains within approved budgets. If additional or unexpected costs arise, these should be formally approved by the council in advance of committing this expenditure as this may assist in determining how reserves will be impacted and if any other appropriate action should be considered to manage the overall budget.
Level of reserves within Proper Practice? I.e. between 3 and 12 months running costs. Review earmarked reserves.	Yes	The councils reserves were within the recommended level and reviewed as part of the budget setting. At year-end it is noted the council held a general reserves balance of £15,628.82 which is within the recommended level as per Governance and Accountability Practitioners Guide.
Internal Audit Response:		Yes

Income Controls Including The Precept

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

Aim: Obtain assurance that income controls are in place and operating effectively.

Internal Audit Testing	Compliance	Comments / Recommendations
Does the precept approved agree to the Council Tax authority's notification and has this been received and banked?	Yes	The councils precept of £15,767 was received in two instalments via bank transfer to the Unity Trust bank account: <ul style="list-style-type: none"> £7,884 – received 28/04/2025 £7,883 – received 29/09/2025
Does the council receive any other income in addition to the precept? Is the income properly recorded and banked?	Yes	The HMRC VAT refund of £1,489.51 for the 2024/2025 financial year was received on the 28.04.2025. Other income streams noted: <ul style="list-style-type: none"> £60.00 – Payroll error refund – recorded as a receipt – This should be recorded as a credit entry on the expenditure line as it represents a legitimate income. £251.96 – Pendle Borough Council – interest on precept <p>RECOMMENDATION 8: That the refund of £60.00 is recorded as a credit against the original expenditure entry.</p>
Has the council correctly invoiced for any sales and is the correct rate of VAT applied? (if applicable)	N/A	Not applicable
Internal Audit Response		Yes

Petty Cash Procedures

Internal Control Objective F: Petty cash payments were properly supported by receipts; all petty cash expenditure was approved and VAT appropriately accounted for

Aim: Obtain assurance that petty cash controls are in place and operating effectively

Internal Audit Testing	Compliance	Comments / Recommendations
Does the Council manage petty cash and is it accounted for properly and included in the AGAR figures? Is all petty cash spent recorded and supported by VAT receipts?		This was not applicable to the council.
Internal Audit Response		Not applicable

Payroll Controls & Members Allowances

Internal Control Objective 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.

Aim: Obtain assurance that payroll costs are supported by employment contracts, expenditure is approved and PAYE/NIC is properly operated. Review Members Allowances to ensure PAYE and NI requirements are met.

Internal Audit Testing	Compliance	Comments / Recommendation
<p>Is there a contract of employment for the Clerk/RFO and all employed staff? Has the Council approved the salaries paid? Do the salary records correspond with the pay points agreed by the Council? Is the Tax and NI contributions paid within the expected parameters to HMRC?</p>	<p>Yes</p>	<p>The Council employs one member of staff (the Clerk/RFO), and payroll services are outsourced to an external payroll provider. Payroll testing confirmed that the gross salary agreed matched the payslip and the corresponding payment on the bank statement. Payroll testing identified that although the employee is paid in line with the NJC pay scales, the updated pay scale and back-pay award effective from 1 April 2025 had not been applied. The revised NJC pay scales were issued by SLCC/NALC in July 2025.</p> <p>RECOMMENDATION 9: The Council should ensure that the updated NJC pay scale and the back-pay award effective from 1 April 2025 are applied and that future NJC pay awards issued by SLCC/NALC are reviewed, formally recorded in the minutes and implemented in a timely manner to maintain accurate and compliant payroll records.</p> <p><u>HMRC / PAYE Payments</u></p> <p>The Council has previously experienced issues relating to historic PAYE underpayments and associated interest charges. The Clerk explained that although a direct debit had been set up, HMRC was unable to collect payments because each transaction required a unique reference number. Evidence reviewed during the audit confirmed that all outstanding amounts have now been settled, and HMRC payments are currently up to date.</p> <p>Members allowances – not applicable to Parish Council.</p>
<p>Are pension obligations met as part of the auto-enrolment process? Criteria £10k salary p.a. Are allowances paid to members and paid via the payroll and/or other arrangements?</p>	<p>Not applicable</p>	<p>Not applicable</p>

Internal Audit Response: Yes

Asset And Investment Registers

Objective H : Asset and investments registers were complete and accurate and properly maintained

Aim: To provide assurance that all material assets are accounted for correctly

Internal Audit Testing	Compliance	Comments / Recommendations
Does the council keep a register of all material assets owned? Is asset register up to date?	Yes	The Council has completed the reconstruction of its asset register following weaknesses identified in previous years. An Asset Register Policy has been adopted, and a formal register of assets is now in place. A physical verification exercise was undertaken during the year to confirm the existence of recorded assets. The asset register includes a replacement value column for insurance purposes and has been updated to record the purchase of the two new benches acquired during the current financial year. A disposals register has also been established and maintained, with the removed bus shelters appropriately recorded.
Internal Audit Response:		Yes

Periodic Bank Reconciliations

Objective I : Periodic and year-end bank account reconciliations were properly carried out.

Aim: To provide assurance that bank reconciliations were carried out on a regular basis and reported to Council.

Internal Audit Testing	Compliance	Comments / Recommendations
Is there a bank reconciliation for each account? Reconciliation carried out on receipt of statement?	Yes	The bank accounts have been reconciled on a monthly basis and routinely reported to the council.
Are bank reconciliations reported to council and committee? Are these independently signed off by members and recorded in the minutes?	Yes	A review of the bank reconciliation statements confirmed that they are signed off by councillors and retained on file. The reconciliation statements are also reported to the Council.
Bank Reconciliation to the 31 March?	Yes	A bank reconciliation was completed for 31 March 2026, and the reconciled balance was found to agree with the corresponding bank statement. The closing balance as at 31 March 2026 was £23,022.97.
Internal Audit Response		Yes

Accounting Statements

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.

Aim: Obtain assurance that accounts prepared on correct statements (income and expenditure, debtors and creditors, over £200,000) or (summary receipts and payments, under £200,000) and that working papers can be followed through to final document

Internal Audit Testing	Compliance	Comments / Recommendations
Year-end accounts prepared on correct accounting basis?	Yes	The accounts are prepared on a receipts and payments basis.
Do the Bank statements and ledger reconcile at 31 March?	Yes	The closing balance as at 31 March 2026 was £23,022.97 and this corresponded with the cashbook balance.
Is there an underlying financial trail from records to presented accounts agreed to the cashbook?	Yes	<p>The figures reported on the AGAR accounting statements were consistent with the underlying entries in the cashbook. However, as noted earlier in this report, the £60.00 refund should be deducted from the expenditure total, as it represents a reimbursement against a previous invoice rather than income.</p> <p>RECOMMENDATION 10: The AGAR statements should be reviewed and amended to remove the £60.00 from Box 3 and to update the cashbook as required. This will require the figure in box 6 (all other payments) to be reduced by £60.00.</p>
Do the comparative figures agree with last year's statements?	Yes	Boxes 4 and 6 for the previous year were restated following the recommendation from the external auditor.
<p>Is the explanation of significant variances from completed?</p> <ul style="list-style-type: none"> <i>Explanations are now required for all variances of £100,000 or more regardless of the % variance. All responses should comprise both narrative and numerical explanations.</i> 	No	This pro-forma document must be prepared by the Clerk and submitted to the external auditor.
<p>Internal Audit Response: Yes – subject to updating the AGAR figures</p>		

Legislative Publication Requirements

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.

Aim: Obtain assurance that the council has complied with the publication of the AGAR for the last five years; compliance with the Local Government Data Transparency Code and Freedom of Information Act, Publication Scheme.

Note: Testing has been carried out to seek assurance on the publication requirements of the Accounts and Audit Regulations 2015 - Section 13 (2) (b) to ensure that Councils display the AGARs for the five years 2020-21, 2021-22, 2022-23, 2023-24, 2024-2025 on their website and compliance with the Local Government Data Transparency Code (if applicable) and Freedom of Information Publication Scheme.

See link to Transparency Code: <https://www.gov.uk/government/publications/transparency-code-for-smaller-authorities/transparency-code-for-smaller-authorities#part-2-information-which-should-be-published>

Internal Audit Testing	Compliance	Comments / Recommendations
<p>Publication Requirements in accordance with the Local Government Data Transparency Code (This code has been issued in accordance with Local Government, Planning and Land Act 1980, Section 3)</p> <ul style="list-style-type: none"> • Transparency Code for smaller authorities ie: annual turnover not exceeding £25,000 		<p>The councils income and expenditure did not exceed £25,000 therefore the council is required to comply with the Data Transparency Code.</p> <p><u>All items of expenditure above £100.00</u> Requirement: Publish details of each individual item of expenditure. Copies of all books, deeds, contracts, bills, vouchers, receipts and other related documents do not need to be published but should remain available for inspection. For each individual item of expenditure the following information must be published:</p> <ol style="list-style-type: none"> a. date the expenditure was incurred, b. summary of the purpose of the expenditure, c. amount, and d. Value Added Tax that cannot be recovered. <p>Findings: This data was found not to be published on the Parish Council website.</p> <p><u>End of Year Accounts</u> Requirement: Publish signed statement of accounts according to the format included in the Annual Return form. It should be accompanied by:</p> <ol style="list-style-type: none"> a. a copy of the bank reconciliation for the relevant financial year, b. an explanation of any significant variances (e.g. more than 10-15 percent) in the statement of accounts for the relevant year and previous year, and

c. an explanation of any differences between ‘balances carried forward’ and ‘total cash and short term investments’, if applicable.

Findings:

This data was found to be published for the 2024/2025 financial year.

Annual Governance Statement

Requirement: Publish signed annual governance statement according to the format included in the Annual Return form. Explain any negative responses to governance statements, including how any weaknesses will be addressed.

Findings:

This data was found to be published for the 2024/2025 financial year.

Internal Audit Report

Requirement: Publish signed internal audit report according to the format included in the Annual Return form. Explain any negative response to the internal

Findings:

This data was found to be published for the 2024/2025 financial year.

List of councillor or member responsibilities

Requirement: Annual publication of councillor or member responsibilities including:

- a) names of all councillors or members,
- b) committee or board membership and function (if Chairman or Vice-Chairman), and
- c) representation on external local public bodies (if nominated to represent the authority or board).

Findings:

This data was found to be published on the website, see link: <https://www.kelbrookandsough-pc.gov.uk/councillors.php>

Land & Building Assets

Requirement: Location of public land and building assets. Annual publication details of all public land and building assets.

Findings:

This data could not be found on the website. If this does not apply to the Parish Council, this detail should be stated as required.

		<p>Minutes, agendas and papers of formal meetings</p> <p>Requirement - Publication of draft minutes from all formal meetings not later than one month after the meeting has taken place. Publication of meeting agendas and associated meeting papers not later than three clear days before the meeting to which they relate is taking place.</p> <p>Findings: The meeting papers and agenda packs have been consistently published on the website and the draft council minutes.</p> <p>RECOMMENDATION 11: That the council sets up a dedicated website page ‘Data Transparency’ and all outstanding data required in accordance with the code and/or signposting to the relevant pages on the council website. All data for the 2025/2026 financial year, required by the code must be published no later than the 01st July.</p>
<p>Publication of the AGAR for the last five years in accordance with the Accounts and Audit Regulations 2015, section 13 (2)?</p>	<p>Yes</p>	<p>2020-21: No – documents were not fully published or signed copies available on the website.</p> <p>2021-22: No, the external audit certificate was not published. Section 1 and 2 were published on the website, see links: 2021-22 - Section 1 Annual Governance Statement.pdf (kelbrookandsoughparishcouncil.org.uk); 2020-21 - Section 2 Accounting Statements.pdf (kelbrookandsoughparishcouncil.org.uk)</p> <p>2022-23: Yes – see links: agar3.jpg (1432×2048) (kelbrookandsoughparishcouncil.org.uk); agar.f.jpg (1410×2048) (kelbrookandsoughparishcouncil.org.uk); LA0118 S3 (1).pdf (kelbrookandsoughparishcouncil.org.uk)</p> <p>2024/2024 – Yes – see links: https://www.kelbrookandsough-pc.gov.uk/uploads/documents/files/annual%20governance.pdf ; https://www.kelbrookandsough-pc.gov.uk/uploads/documents/files/accounting%20statements%20and%20figures.pdf ; https://www.kelbrookandsough-pc.gov.uk/uploads/documents/files/External%20Auditor%E2%80%99s%20Report%20and%20Certificate%202023_24.pdf</p> <p>2024/2025 – Yes – see links: 2024_25 Section 1 Annual Governance Statement with Explanations .pdf ; 2024_25 Section 2 Accounting Statements.pdf ; Notice of Conclusion of Audit 28.07.2025.pdf</p>
<p>Freedom of Information Act – Has the Council adopted a Publication Scheme?</p>	<p>Yes</p>	<p>See link: Publication Scheme Policy 08.05.2025.pdf</p>
<p>Internal Audit Response:</p>		<p>No – Due to Part Compliance</p>

Publication Requirements – Exercise of Public Rights 2024-2025

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 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*).

Aim: Obtain assurance that the Council has advertised the dates for the inspection of public rights correctly.

Internal Audit Testing	Compliance	Comments / Recommendations
Do arrangements for public inspection of council's records exist? The inspection window must include a 30-working day period including the first 10 working days of July following the end of the financial year to which the accounts relate. Evidence of public inspection notice seen? And website address.	Yes	See link: Exercise Of Public Rights Notice 02.06.2025.pdf
Internal Audit Response:		Yes

Publication Requirements AGAR (previous year)

Internal Control Objective N: The authority has complied with the publication requirements for 2024/2025 AGAR (*see AGAR Page 1 Guidance Notes*).

Aim: Review evidence for publication (form 3) : AGAR to be approved and published by 01 July 2025 at the very latest. External Audit Certificate and Conclusion of Audit of Notice to be posted on the council website by 30 September 2025.

Internal Audit Testing	Compliance	Comments / Recommendations
Before 01 July 2025, the authority should have published: a) Notice of the period of exercise rights and a declaration that the accounting statements are as yet unaudited.	Yes	See link: Exercise Of Public Rights Notice 02.06.2025.pdf
b) Section 1 the Annual Governance Statement approved and signed page 4	Yes	See link: 2024_25 Section 1 Annual Governance Statement with Explanations .pdf

c) Section 2 the Accounting Statements approved and signed page 5	Yes	See link: 2024_25 Section 2 Accounting Statements.pdf
Not Later than the 30 September: d) Notice of conclusion of audit	Yes	See link: Notice of Conclusion of Audit 28.07.2025.pdf
e) Section 3 – External Auditor Report and Certificate	Yes	See link: Notice of Conclusion of Audit 28.07.2025.pdf
f) Sections 1 and 2 of AGAR including any amendments as a result of the limited assurance review.	NA	The amendments have been actioned in the 2025/2026 AGAR accounting statements (prior year figures) as recommended by the external auditor.
Internal Audit Response:		Yes

Digital & Data Compliance

Internal Control Objective O: The authority has complied with laws, regulations & proper practices relating to digital and data compliance

Internal Audit Testing	Compliance	Comments / Recommendations
Does the local authority has up to date IT policy in place?	Yes	See link: IT Policy 16.10.2025.pdf
Ensure that the Local authority has a single generic email in the name of the council as minimum. (.gov/.org)	Yes	The Clerk and Council members all have generic emails in the name of the council (operating on .gov domain).
Does the council have an accessibility website statement? When was the last test carried out?	See findings	The council has a website accessibility statement published on their site, see link: Accessibility Statement Kelbrook & Sough Parish Council . The Clerk has confirmed that the latest test was carried out approximately three weeks ago by the website provider following changes to the website.
Internal Audit Response:		Yes

*Internal Control Objectives F, K & P were not applicable to the Parish Council.

Kelbrook and Sough Parish Council - Recommendations Action Plan

Internal Audit Year Ending 31st March 2026

No	Recommendation	Page Number	Responsibility	Timescale
1	That the cashbook incorporates a receipt/payment reference field to strengthen the audit trail to underlying paperwork.	4		
2	That the council considers other authorised signatories in the absence of the Clerk of the nominated councillor for business continuity purposes.	6		
3	The Council should review the Regular Payment Review Policy with the existing Financial Regulations to avoid duplication and ensure that a single, consistent control framework for approving ongoing payments is in place within the Financial Regulations as the councils primary governance document for financial administration. The council may wish to update the existing controls within the Financial Regulations to incorporate any additional policy requirements (where these are considered necessary to strengthen current controls). This will help ensure clarity, consistency, and full compliance whilst maintaining a robust and transparent process for authorising regular payments.	7		
4	The Council should ensure that all invoices for reimbursed purchases are addressed directly to the Parish Council rather than to individual councillors or the Clerk. This will allow VAT to be correctly reclaimed and prevent avoidable loss of VAT income. Invoice details should be verified prior to processing reimbursement claims.	8		
5	That the corporate risk register is reviewed and updated to ensure that all key risks are fully included ie business continuity risks (authorised signatories) and IT-related risks covering data back-up, system security, and disaster recovery arrangements. A risk-rating matrix should be considered as this can support the additional controls required to manage the risk appetite, scoring and prioritisation of risks. Further guidance on risk management is available in the Governance and Accountability Practitioners Guide.	9		

6	The Council should also ensure that an action plan is developed to prioritise and address any issues identified through the annual inspection.	9		
7	The Council should ensure that all expenditure remains within approved budgets. If additional or unexpected costs arise, these should be formally approved by the council in advance of committing this expenditure as this may assist in determining how reserves will be impacted and if any other appropriate action should be considered to manage the overall budget.	11		
8	That the refund of £60.00 is recorded as a credit against the original expenditure entry.	12		
9	The Council should ensure that the updated NJC pay scale and the back-pay award effective from 1 April 2025 are applied and that future NJC pay awards issued by SLCC/NALC are reviewed, formally recorded in the minutes and implemented in a timely manner to maintain accurate and compliant payroll records.	13		
10	The AGAR statements should be reviewed and amended to remove the £60.00 from Box 3 and to update the cashbook as required. This will require the figure in box 6 (all other payments) to be reduced by £60.00.	15		
11	That the council sets up a dedicated website page 'Data Transparency' and all outstanding data required in accordance with the code and/or signposting to the relevant pages on the council website. All data for the 2025/2026 financial year, required by the code must be published no later than the 01 st July.	18		