



# Kelbrook & Sough Parish Council Internal Audit Report

Financial Year Ending 31st March 2025

Date of Internal Audit Visit: 11<sup>th</sup> April 2025  
Prepared by: Internal Audit Yorkshire

Date Report Issued: 13<sup>th</sup> April 2025  
Internal Auditor: Ms Safia Kauser

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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 2023/2024 financial year was £15,767.

### 1.4 We understand that the council has faced a difficult year, particularly after the resignation of their Parish Clerk/RFO in August 2024. This situation resulted in meetings not being held between the period of the Annual Council meeting in May 2024 and the next council meeting which took place on the 09<sup>th</sup> September 2024.

### 1.5 In March 2025, the Chairman of the Parish Council resigned. A new Parish Clerk/RFO was appointed in February 2025, and the council seems to be progressing positively towards improving the governance and increasing transparency. The current Clerk/RFO has reported a reduction in the number of Freedom of Information requests.

## 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)?	See findings	The council must appoint an officer to oversee the financial management of the authority in accordance with section 151 of the Local Government Act 1972. This role was held with the Parish Clerk/RFO until the date of resignation (August 2024). During the period of the resignation of the Clerk and the appointment of the incumbent Clerk/RFO in February 2025 the council operated without a Responsible Financial Officer being formally appointed by the Council. The council need to ensure that a Responsible Financial Officer is appointed in the event that such a situation may arise in the future. The Council may appoint one of their members to undertake this role temporarily in accordance with the requirements of the Local Government Act 1972, section 112 (5).
Has the Responsible Financial Officer (RFO) determined a form of accounting and supporting records which have been maintained throughout the year?	Yes	The current Clerk/RFO has established a new accounting format to document daily income and expenditure transactions, which are recorded in a cashbook maintained on an excel spreadsheet. The cashbook was found to be up to date and included all income and expenditure transactions which could be linked to the bank statement reference.
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	A sample of invoices were reviewed against the cashbook data to confirm data input accuracy. No issues were identified from the sample selected for audit.
Do the previous year's annual return figures agree with the current year's opening balances in the cash book?	Yes	Box 7 of the AGAR Accounting statements at the 31st March 2024 was recorded as £26,537. This figure had been rolled over correctly (£26,537.35) in the cashbook as the councils opening cashbook balance (verified against the Santander bank statement).
<b>Internal Audit Response</b>		<b>Yes</b>

## 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 council reviewed and re-adopted the Standing Orders at the Annual Council meeting held on the 12 <sup>th</sup> May 2025 (minute reference 9). These are based on the latest NALC Model Standing Orders 2018 and are tailored accordingly to the councils requirements.
Has the Council adopted Financial Regulations and are these up to date with the latest NALC Model? And tailored to the Council?	Yes	<p>The council reviewed and adopted the Financial Regulations at the Annual Council meeting held on the 12<sup>th</sup> May 2025 (minute reference 12). The council is aware that the Financial Regulations required updating following the change over to the Unity Trust Bank and that appropriate internal controls would need to be incorporated within the updated version of the Financial Regulations.</p> <p>The National Association of Local Councils [NALC] issued the latest model of the Financial Regulations in May 2024.</p> <p><b>RECOMMENDATION 1:</b>  <b>That the council adopts the latest model of the NALC Model Financial Regulations and tailors these to the councils requirements including changes to reflect the control systems for online banking.</b></p>
Are there procedures for formal tenders and quotes consistent with the Standing Orders and Financial Regulations?	No	The thresholds for formal tenders exceeding £30,000 have been updated in the Standing Orders in response to central government changes that raised the limit from £25,000 to £30,000, including VAT. However, this revised amount has not yet been incorporated into the Financial Regulations. Should the council implement the updated NALC Model Financial Regulations, this change will be included. The Clerk/RFO has confirmed that the council is in the process of adopting the latest NALC model Financial Regulations at the annual council meeting scheduled for May 2025.
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?	See findings	<p><u>Invoices for Payment</u></p> <p>During the earlier part of the financial year, payments were found to be authorised and recorded in the minutes. However, for some parts of the financial year, payments were not routinely reported or authorised. It is understood that this was due to the disruption and challenges the council faced following the resignation of their Clerk/RFO in August 2024.</p>

		<b>RECOMMENDATION 2:</b> <b>That the payments schedule is authorised at council meetings and payments disclosed in the minutes in accordance with the requirements of Financial Regulation 5.2.</b>
Has the council complied with the quotations procedures for obtaining quotations and formal tender requirements?	Yes	The council has not carried out any large tendering during the financial year. A review of the minutes confirmed that the council has routinely obtained three quotations for maintenance works for example renovation of the telephone box. Evidence was found in the minutes where the council have authorised the purchase in advance for example, the purchase of the Clerks laptop and where quotations have been obtained.
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?	Yes	<p>The council operate with one bank account which was with Santander until the closure of the account on 30<sup>th</sup> August 2024. The balance on this date was £29,158.15. This balance was found to be transferred to the Unity Trust Bank account, on the 30.08.2024 which was evidenced by the bank statements.</p> <p><u>Cheque Payments</u> All payments were made by cheque with Santander bank that requires two signatories. The council has continued to use cheque payments with Unity Trust Bank until around January 2025.</p> <p><u>Online Payments</u> We are informed that the Unity Trust Bank has authorisation in place for online banking payments. This was not used by the Council until December 2024. The incumbent Clerk/RFO has confirmed that the current controls require dual authorisation. Evidence was requested for the December payment to confirm the dual authorisation. This payment was found to be set-up and approved by two councillors involved. The Clerk/RFO has confirmed that the bank mandate with Unity Trust has been approved. The Clerk/RFO has been added to set-up payments and authorise and this requires another councillor to authorise. We are informed that councillors without the authority to initiate or approve payments have been granted view-only access.</p>
Does the council have any direct debits or Standing Orders in place? Have these been reviewed in accordance with the Financial Regulations?	Yes	The council do not have any Standing Orders in place. A review of the Direct Debits was found to be carried out and approved by the council which was recorded in the council minutes.
Is there an authorised list of continuing contracts and obligations?	Yes	The council have approved the payments that arise as a result of a continuing contract or obligation and this was found to be recorded in the minutes.

Is S137 separately recorded and within limits? Is S137 expenditure of direct benefit to electorate? Is S137 expenditure minuted?	Yes	The council have granted several minor grants using power of S137. These include fruit trees, allotments and free swimming classes.
Is VAT correctly recorded in the cashbook and linked to invoices?	Yes	The cashbook was found to have a column linked to the payment and VAT breakdown. Two payments were identified where the council was unable to recover the VAT due to the invoice being addressed to a councillor and the Clerk. The Clerk/RFO is aware that any future invoices where an individual seeks reimbursement must be addressed to the Parish Council to facilitate the VAT recovery and this must represent a legitimate council expense.
VAT evidence, recording and reclaim?	Yes	The last VAT reclaim we reported in our last year internal audit report covered the period of 07/08/2023 covering the period from 07/10/2020 to 30/03/2023. The incumbent Clerk/RFO has submitted the most recent return for the period from 01 <sup>st</sup> April 2024, to 31 <sup>st</sup> March 2025, which indicates a total reclaim amount of £1,489.51. This amount corresponded with the VAT total column in the cashbook.
<b>Internal Audit Response: Yes</b>		

## 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
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>	No	<p>Risks are uncertain events or conditions (not just financial) that if they occur, they will affect the authority's ability to achieve its objectives. The council as a corporate body and members individually are responsible for risk management. In our last year audit report we reported that the risk assessment was in progress. However, due to the challenges the council has faced during the current financial year following the resignation of their Clerk, there has been no progress on the corporate risk assessment.</p> <p>The current Clerk/RFO presented us with documentation of the draft policies related to risk management that the council plans to approve during the Annual Council meeting in May. The lack of a risk assessment has left the council vulnerable and in to address matters in the absence of a business continuity plan to manage the ongoing operations of council business and activities.</p>

		<b>RECOMMENDATION 3:</b> <b>That the council develops and adopts a corporate risk register which includes all financial and non-financial related risks. This must be reviewed at least annually and adopted by the Council.</b>
Is there appropriate arrangements in place for the monitoring of play areas, open spaces and sports pitches.	Yes	<p><u>Benches &amp; Bus Shelters</u></p> <p>In our last year internal audit we reported that a risk assessment was in place for the benches and bus shelters. The council don't appear to have reviewed this document during this current financial year. The council must ensure that this document is formally reviewed during a council meeting, in line with its risk management obligations.</p> <p><u>Kelbrook Park</u></p> <p>The council is responsible for Kelbrook Park which includes a play area. We are informed that the park is under the ownership of Kelbrook and Sough Parish Council however this does not include the land. Play inspections are carried out by Pendle Borough Council staff who are ROSPA qualified. The external inspection is carried out by a third-party company arranged via Pendle Borough Council. A copy of the latest annual report was provided during the audit and a copy is due to be provided to members at the next council meeting.</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?	Yes	<p>Insurance is a significant way of managing and reducing risks relating to property, cash and legal liability. The councils insurance policy with Zurich was renewed without a formal review of the policy against the asset register. The period of cover was found to be in place from 01/06/2024 31/05/2025. The council has cover in place for public liability and employers liability. Other cover in place includes personal accident, libel and slander, fidelity guarantee, legal expenses. The council don't appear to have insured assets which form part of the policy schedule. The Clerk/RFO is aware of this and has consulted with Zurich who have requested insurance replacement values. Steps are being taken by the Clerk to obtain replacement values for insurance purposes and obtain quotations insurance quotations from other service providers.</p>
Has the council carried out a review of the effectiveness of internal controls?	No	<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>In the financial year 2024/2025, the council did not conduct an assessment of the effectiveness of its internal controls. The Clerk has supplied us with preliminary documents outlining a policy for evaluating these controls, which includes a checklist. This policy would assign the responsibility to the council to ensure that reviews are performed on a quarterly basis.</p>



GDPR and back-up data? Is there a password list and business continuity plan?	See findings	<p><u>GDPR Policies &amp; Business Continuity Plan</u></p> <p>The council have actioned the recommendation in our last year internal audit report and adopted appropriate GDPR policies. These include a general privacy notice and statement, data protection policy and data breach.</p> <p><b>RECOMMENDATION 4:</b>  <b>That an appropriate GDPR policy be adopted for Subject Access using model documents available from NALC and/or Society of Local Council Clerks.</b></p> <p><u>Back-Up data arrangements &amp; Password list</u></p> <p>The Clerk/RFO has confirmed that all data on the laptop is backed up on Microsoft One-drive and a password list has been developed. Evidence of this was provided during the audit.</p> <p><b>RECOMMENDATION 5:</b>  <b>That the council implements the controls set out in Financial Regulation 6.11 for the storage, use and access of passwords/pins that should be provided to the Chairman in a sealed envelope.</b></p>
<b>Internal Audit Response:</b>		<b>No – due to the absence of risk management</b>

## 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?	No	<p>The councils budget was considered at the council meeting held on 29<sup>th</sup> January 2025 (minute item 24.29.01.8). A review of the minutes found that there is no council decision to approve the budget and the amount of precept to be levied. The meeting minutes refer to a statement from Councillor Elley informing the meeting that the budget had been set and that the precept would not increase, it would remain the same as last year. The council need to ensure that the budget and precept amount is agreed at a council meeting and voted upon by members.</p> <p>The Clerk/RFO has informed us that the precept amount is £15,767. A review of the background papers was carried out and the proposed budget does not include details of the current year to date expenditure against the agreed budget or the projected year end income/expenditure. Additionally,</p>

		<p>there is no breakdown of the budget to demonstrate the calculations linked to the precept amount levied.</p> <p>Following our initial findings, the Clerk/RFO referred us to a budget document on the website. This document was not filed within the meeting papers reviewed during the audit and it is unclear if the document published on the website was provided to council members.</p> <p><b>RECOMMENDATION 6:</b>  <b>That the budget and precept amount are recorded in the council minutes and that members vote on the level of precept to be levied.</b></p>
Is the precept demand correctly recorded in the minutes?	No	See findings above.
Is the budget against spend comparisons provided regularly to the Council? I.e. quarterly basis? Any unexpected significant variances?	See findings	<p>The council has not been receiving budget monitoring reports during the course of the financial year. Budget monitoring reports can inform members of any unexpected variances or any surplus in budgets which can give members an early warning to take any appropriate action.</p> <p><b>RECOMMENDATION 7:</b>  <b>That budget monitoring reports are provided to council members at least once in each quarter in accordance with the requirements of the Financial Regulations.</b></p>
Level of reserves within Proper Practice? I.e. between 3 and 12 months running costs. Review earmarked reserves.	No	<p>The proper practices states that 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. The smaller the authority, the closer the figure may be to 12 months expenditure, the larger the authority, the nearer to 3 months. In practice, any authority with income and expenditure in excess of £200,000 should plan towards 3 months equivalent general reserve.</p> <p>The councils balance at 31<sup>st</sup> March 2025 was £24,333.15. The budget document notes that approximately £2,250 would be used from the 2024/2025 budget underspend to offset the difference towards the 2025/2026 financial year budget. Overall, the councils general reserves were found to be slightly excessive and outside the recommended level as per Governance and Accountability Practitioners guide.</p> <p><b>RECOMMENDATION 8:</b>  <b>That the council reviews the level of general reserves as part of the budget planning.</b></p>
<b>Internal Audit Response: No</b>		

## 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 for the 2024/2025 financial year was £15,767. This was paid in four equal payments of £3,941.75 in May, July, October and January. A copy of the precept form was not available to verify that the amount requested by the council had been received and banked. However it is noted that the amount of £15,767 was agreed and approved at the council meeting held on 09 <sup>th</sup> January 2024 (minute item 17).
Does the council receive any other income in addition to the precept? Is the income properly recorded and banked?	Yes	The council have received two grants this year which were found to be recorded in the cashbook. <ul style="list-style-type: none"> <li>£800.00 - Local Delivery Scheme and Biodiversity (Lancashire County Council) <ul style="list-style-type: none"> <li>Towards fruit trees</li> <li>Plants around the village</li> </ul> </li> <li>£1,857.91 - West Craven Area Committee – towards playground resurfacing</li> </ul>
Has the council correctly invoiced for any sales and is the correct rate of VAT applied? (if applicable)	NA	Not applicable.
<b>Internal Audit Response</b>		<b>Yes</b>

## 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 and this was reflected in Financial Regulation 6.1.
<b>Internal Audit Response</b>		<b>Not applicable</b>

## 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
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?	See findings	<p>The council had three employees during the 2024/2025 financial year.</p> <ul style="list-style-type: none"> <li>- Clerk/RFO – resigned in August 2024</li> <li>- Lengthsman - resigned in October 2024</li> <li>- Clerk/RFO – appointed in January 2025 (commenced role on 01<sup>st</sup> February)</li> </ul> <p>The councils payroll is outsourced to Tax Assist. It is noted that the council did not proceed to make payments to an employee on time due to the absence of the Clerk. Payments were eventually made to the employee for the months of September, October and November in December 2024. The employee was unpaid by 20p.</p> <p><u>HMRC Payments</u> Payments to HMRC are now being paid on a direct debit. This has changed due to the council not paying the HMRC payments in a timely manner that resulted in a small amount of interest being charged by HMRC.</p> <p><u>Payroll Testing</u> Payroll testing was carried out for the Clerk/RFO for the month of February 2025. A contract of employment was found to be in place. A discussion was held with the Clerk on the additional hours worked. The council need to ensure that any additional hours worked above the contracted hours are approved by councillors at a meeting.</p> <p><b>RECOMMENDATION 9:</b> <b>That any overtime payments for the Clerk/RFO are approved by the council and that adequate internal controls relating to overtime arrangements be incorporated within the payroll controls set out in Financial Regulation section 7.</b></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?	N/A	Not applicable to council employees. The council does not pay its members allowances or a Chairmans allowance.
<b>Internal Audit Response:</b>		<b>Yes</b>

## 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	<p>In our last year internal audit report, we recommended that the recommendation from the external auditor be considered and addressed in relation to the asset values and that the AGAR accounting statement be updated.</p> <p>The council have carried out some work in relation to the asset register. A new asset register has been created and where applicable the Clerk has sourced the original invoice for some items to confirm the purchase value. There are several items that the council have inherited and a nominal value of £1.00 has been inserted into the register. The Clerk/RFO has confirmed that a physical check of the assets is in progress. A discussion was held with the Clerk in relation to the purchase cost and the value net of VAT for items where the council has reclaimed VAT and for items where the council has not been able to reclaim VAT (for example the laptop).</p> <p><b>RECOMMENDATION 10:</b> That the asset register values be reviewed and that a physical check of assets be carried out.</p> <p><b>RECOMMENDATION 11:</b> That the asset register values for the previous year (31<sup>st</sup> March 2024) be inserted into the AGAR as a prior year comparative figure.</p>
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 reconciliation for the financial year and other supporting documentation was approved at the Council meeting held in March. The paperwork on file was found to be signed by councillors. The council need to ensure that in accordance with Financial Regulation 2.2 bank reconciliations are routinely presented to councillors, at least once in each quarter, and at each financial year end.
Are bank reconciliations reported to council and committee? Are these independently signed off by members and recorded in the minutes?	Yes	See findings above.
Bank Reconciliation to the 31 March?	Yes	A bank reconciliation had been carried out for the 31 <sup>st</sup> March 2025 and the balance corresponded to the bank statement. The balance as at 31 <sup>st</sup> March 2025 was £24,333.15.
<b>Internal Audit Response</b>		<b>Yes</b>

## 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 were prepared on a receipts and payments basis.

Staff Costs [Box 4] Do payments relate to employment of staff including gross salary, employers' national insurance contributions, employers' pension contributions, gratuities for employees or former employees and severance or terminations payments to employees?	Yes	There was an adequate audit trail from the cashbook to the data reported in box 4 'Salary costs'.
Do the Bank statements and ledger reconcile at 31 March?	Yes	See findings above. The balance as at 31 <sup>st</sup> March 2025 was £24,333.15.
Is there an underlying financial trail from records to presented accounts?	Yes	See findings above.
Is the explanation of significant variances from completed? 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.	Yes	This pro-forma document had been completed by the Clerk/RFO. This form is subject to a review by external audit.
<b>Internal Audit Response: Yes</b>		

## 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:** The auditing requirements in the practitioners guide are not entirely clear that provide the guidance relating to objective L that has changed for the 2022-23 financial year. Therefore 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 2019-20, 2020-21, 2021-22, 2022-23, 2023-24 on their website and compliance with the Local Government Data Transparency Code (if applicable).

**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"> <li>Transparency Code for smaller authorities ie: annual turnover not exceeding £25,000</li> </ul>	<p>Not applicable</p>	<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><b>All items of expenditure above £100.00</b></p> <p><b>Requirement:</b> 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"> <li>date the expenditure was incurred,</li> <li>summary of the purpose of the expenditure,</li> <li>amount, and</li> <li>Value Added Tax that cannot be recovered.</li> </ol> <p>Findings: This data was found not to be published on the Parish Council website.</p> <p><b>RECOMMENDATION 12:</b> <b>That the council annually publishes all expenditure exceeding £100.00 no later than 01<sup>st</sup> July 2025. For each item the following must be published:</b></p> <ol style="list-style-type: none"> <li>date the expenditure was incurred,</li> <li>summary of the purpose of the expenditure,</li> <li>amount, and</li> <li>Value Added Tax that cannot be recovered.</li> </ol> <p><b>End of Year Accounts</b></p> <p><b>Requirement:</b> 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"> <li>a copy of the bank reconciliation for the relevant financial year,</li> <li>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</li> <li>an explanation of any differences between 'balances carried forward' and 'total cash and short term investments', if applicable.</li> </ol> <p>Findings: This data was found not to be published on the Parish Council website at the time internal audit was carried out.</p>



**RECOMMENDATION 13:**

**That the council publishes end of year financial information as required by the Transparency Code.**

**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 not to be published on the Parish Council website at the time the audit was carried out.

**RECOMMENDATION 14:**

**That the council publishes the annual governance statement with an explanation of any negative responses to the annual governance statement.**

**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 not to be published on the Parish Council website as the internal audit was in progress as that time these tests were carried out.

**RECOMMENDATION 15:**

**That a copy of the internal audit report according to the format included in the Annual Return For be published with any negative responses explained to the internal auditor.**

**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>

		<p><b><u>Land &amp; Building Assets</u></b>  <b>Requirement:</b> Location of public land and building assets. Annual publication details of all public land and building assets.</p> <p>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> <p><b><u>Minutes, agendas and papers of formal meetings</u></b>  <b>Requirement -</b> 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:  Some meeting papers were available for February however documentation for other meetings was not fully published to comply with the Transparency requirements.</p> <p><b>RECOMMENDATION 16:</b>  <b>That the council publishes all draft minutes no later than one month after the meeting has taken place and associated papers (if applicable) to comply with the requirements of the Transparency Code.</b></p>
Publication of the AGAR for the last five years in accordance with the Accounts and Audit Regulations 2015, section 13 (2)?	See findings	<p>A review of the website finance page was carried out to support our findings in this area, see link: <a href="https://www.kelbrookandsough-pc.gov.uk/finance.php">https://www.kelbrookandsough-pc.gov.uk/finance.php</a></p> <p>2019-20: No – sections 1 and 2 were published, but were unsigned see link: <a href="#">agar-2020.pdf (kelbrookandsoughparishcouncil.org.uk)</a>; the certificate of exemption was published but was unsigned, see link: <a href="#">agar-certificate-of-exemption-2019-20-2020.pdf (kelbrookandsoughparishcouncil.org.uk)</a></p> <p>2020-21: No documents were found to be uploaded for the financial year ending 31<sup>st</sup> March 2021.</p> <p>2021-22: No, the external audit certificate was not published. Section 1 and 2 were published on the website, see links: <a href="#">2021-22 - Section 1 Annual Governance Statement.pdf (kelbrookandsoughparishcouncil.org.uk)</a>; <a href="#">2020-21 - Section 2 Accounting Statements.pdf (kelbrookandsoughparishcouncil.org.uk)</a></p>

		<p>2022-23: Yes – see links: <a href="#">agar3.jpg (1432×2048) (kelbrookandsoughparishcouncil.org.uk)</a>; <a href="#">agar f.jpg (1410×2048) (kelbrookandsoughparishcouncil.org.uk)</a>; <a href="#">LA0118 S3 (1).pdf (kelbrookandsoughparishcouncil.org.uk)</a></p> <p>2024/2024 – Yes – see links: <a href="https://www.kelbrookandsough-pc.gov.uk/uploads/documents/files/annual%20governance.pdf">https://www.kelbrookandsough-pc.gov.uk/uploads/documents/files/annual%20governance.pdf</a> ; <a href="https://www.kelbrookandsough-pc.gov.uk/uploads/documents/files/accounting%20statements%20and%20figures.pdf">https://www.kelbrookandsough-pc.gov.uk/uploads/documents/files/accounting%20statements%20and%20figures.pdf</a> ; <a href="https://www.kelbrookandsough-pc.gov.uk/uploads/documents/files/External%20Auditor%E2%80%99s%20Report%20and%20Certificate%202023_24.pdf">https://www.kelbrookandsough-pc.gov.uk/uploads/documents/files/External%20Auditor%E2%80%99s%20Report%20and%20Certificate%202023_24.pdf</a></p>
Freedom of Information Act – Has the Council adopted a Publication Scheme?	Yes	<p>See link: <a href="https://www.kelbrookandsoughparishcouncil.org.uk/uploads/documents/files/KSPC%20Publication%20Scheme.docx">https://www.kelbrookandsoughparishcouncil.org.uk/uploads/documents/files/KSPC%20Publication%20Scheme.docx</a></p>
<b>Internal Audit Response: No – due to some areas of non-compliance</b>		

## Publication Requirements – Exercise of Public Rights 2023/24

**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 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*).

**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	<p>See link to notice published on the website:</p> <p><a href="https://www.kelbrookandsough-pc.gov.uk/uploads/documents/files/Kelbrook%20exerciser%20of%20public%20rights%20poster%20word.docx">https://www.kelbrookandsough-pc.gov.uk/uploads/documents/files/Kelbrook%20exerciser%20of%20public%20rights%20poster%20word.docx</a></p>
<b>Internal Audit Response: Yes</b>		

## Publication Requirements for 2023/24 AGAR (previous year)

**Internal Control Objective N:** The authority has complied with the publication requirements for 2023/24 AGAR (see AGAR Page 1 Guidance Notes).

**Aim:** Review evidence for publication (form 3) : AGAR to be approved and published by 01 July 2024 at the very latest. External Audit Certificate and Conclusion of Audit of Notice to be posted on the council website by 30 September 2024.

Internal Audit Testing	Compliance	Comments / Recommendations
Before 01 July 2024, 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: <a href="https://www.kelbrookandsough-pc.gov.uk/uploads/documents/files/Kelbrook%20exerciser%20of%20public%20rights%20poster%20word.docx">https://www.kelbrookandsough-pc.gov.uk/uploads/documents/files/Kelbrook%20exerciser%20of%20public%20rights%20poster%20word.docx</a>
b) Section 1 the Annual Governance Statement approved and signed page 4	Yes	See link: <a href="https://www.kelbrookandsough-pc.gov.uk/uploads/documents/files/annual%20governance.pdf">https://www.kelbrookandsough-pc.gov.uk/uploads/documents/files/annual%20governance.pdf</a>
c) Section 2 the Accounting Statements approved and signed page 5	Yes	See link: <a href="https://www.kelbrookandsough-pc.gov.uk/uploads/documents/files/accounting%20statements%20and%20figures.pdf">https://www.kelbrookandsough-pc.gov.uk/uploads/documents/files/accounting%20statements%20and%20figures.pdf</a>
<b>Not Later than the 30 September:</b> d) Notice of conclusion of audit	Yes	See link: <a href="https://www.kelbrookandsough-pc.gov.uk/uploads/documents/files/Agar%20notice%20final.pdf">https://www.kelbrookandsough-pc.gov.uk/uploads/documents/files/Agar%20notice%20final.pdf</a>
e) Section 3 – External Auditor Report and Certificate	Yes	See link: <a href="https://www.kelbrookandsough-pc.gov.uk/uploads/documents/files/External%20Auditor%E2%80%99s%20Report%20and%20Certificate%202023_24.pdf">https://www.kelbrookandsough-pc.gov.uk/uploads/documents/files/External%20Auditor%E2%80%99s%20Report%20and%20Certificate%202023_24.pdf</a>
f) Sections 1 and 2 of AGAR including any amendments as a result of the limited assurance review	NA	Not applicable
<b>Internal Audit Response:</b>		<b>Yes</b>

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

# Kelbrook and Sough Parish Council - Recommendations Action Plan

Internal Audit Year Ending 31<sup>st</sup> March 2025

No	Recommendation	Page Number	Responsibility	Timescale
1	That the council adopts the latest model of the NALC Model Financial Regulations and tailors these to the councils requirements including changes to reflect the control systems for online banking.	5		
2	That the payments schedule is authorised at council meetings and payments disclosed in the minutes in accordance with the requirements of Financial Regulation 5.2.	6		
3	That the council develops and adopts a corporate risk register which includes all financial and non-financial related risks. This must be reviewed at least annually and adopted by the Council.	8		
4	That an appropriate GDPR policy be adopted for Subject Access using model documents available from NALC and/or Society of Local Council Clerks.	9		
5	That the council implements the controls set out in Financial Regulation 6.11 for the storage, use and access of passwords/pins that should be provided to the Chairman in a sealed envelope.	9		
6	That the budget and precept amount are recorded in the council minutes and that members vote on the level of precept to be levied.	10		
7	That budget monitoring reports are provided to council members at least once in each quarter in accordance with the requirements of the Financial Regulations.	10		
8	That the council reviews the level of general reserves as part of the budget planning.	10		
9	That any overtime payments for the Clerk/RFO are approved by the council and that adequate internal controls relating to overtime arrangements be incorporated within the payroll controls set out in Financial Regulation section 7.	12		
10	That the asset register values be reviewed and that a physical check of assets be carried out.	13		
11	That the asset register values for the previous year (31 <sup>st</sup> March 2024) be inserted into the AGAR as a prior year comparative figure.	13		

12	<p>That the council annually publishes all expenditure exceeding £100.00 no later than 01<sup>st</sup> July 2025. For each item the following must be published:</p> <ul style="list-style-type: none"> <li>a. date the expenditure was incurred,</li> <li>b. summary of the purpose of the expenditure,</li> <li>c. amount, and</li> <li>d. Value Added Tax that cannot be recovered.</li> </ul>	16		
13	That the council publishes end of year financial information as required by the Transparency Code.	17		
14	That the council publishes the annual governance statement with an explanation of any negative responses to the annual governance statement.	17		
15	That a copy of the internal audit report according to the format included in the Annual Return For be published with any negative responses explained to the internal auditor.	17		
16	That the council publishes all draft minutes no later than one month after the meeting has taken place and associated papers (if applicable) to comply with the requirements of the Transparency Code.	18		