

Town & Parish Council Audit Services  
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# INTERNAL AUDIT REPORT

ASTLEY PARISH COUNCIL

FINANCIAL YEAR 2025/26

## Background and general summary

Town & Parish Council Audit Services has been appointed by Astley Parish Council to provide an independent internal audit for the financial year ending 31<sup>st</sup> March 2026. The Audit is provided on the basis of information provided by the Clerk/RFO, along with a review of the supporting records, together with audit of information available on the Council website which I have verified using digital evidence available on the website.

1. Astley Parish Council is made up of five Councillors. The Council did not have any vacancies at the time of the audit, but there was evidence within the minutes of the process being undertaken during the audit year to fill a vacancy. It would be good practice to have a policy in place to document the Vacancy policy and procedure, outlining the statutory procedure and then the Council's policy and procedure for filling a casual vacancy. This is good preparation in the event of the Council having more applicants than vacancies in the event of a future casual vacancy.
2. The Council does not have any formally constituted Committees which meet
3. Meeting dates for Parish Council Meetings are advertised according to statute and details also published on the website. Meetings are held bi-monthly.
4. Standing Orders and Financial Regulations have been reviewed and adopted
5. The Code of Conduct has been adopted
6. Agendas were issued in a timely manner three clear days before the meeting, and Councillors are summoned to the meetings in accordance with statutory requirements. Overall, Agendas clearly indicated what was required from each Agenda item ie to Councillors to receive for information, to discuss and decide etc..., however there were some instances where the clarity of the action required could have been improved.
7. Councillors are given an opportunity to declare interests on items on the Agenda. Declaration of Interest Forms are duly completed by Councillors and these are available on the Parish website.
8. Minutes indicate Councillors in attendance so that it is clear if the meeting is quorate
9. Minutes are signed and dated by the Chair and recorded within the minutes
10. Minutes clearly record apologies if there are any. A reminder that reasons for apologies should be included to avoid the six month rule.
11. The Annual Parish meeting was held within the required legislative timeframes and duly advertised and minuted.
12. The Council had not signed up to the Civility and Respect pledge.
13. Standing Orders are used in accordance with legislation to enable public participation

### **RECOMMENDATIONS**

That the Parish Council consider adopting a Policy and Procedure document outlining the legal process for filling a vacancy, but also the Councils procedure to fill a casual vacancy

## Budgetary Controls and administration

**OBJECTIVE :** To ensure that a budget has been accurately prepared by the Council and adopted in the process of setting the Precept

**WORK DONE :**

As part of the audit the following work was undertaken for this objective :

- Minutes were reviewed to ensure reference to the budgets prepared
- Evidence was sought within the minutes to show benchmarking of budgets against actual income and expenditure
- Current income and expenditure has been discussed by the Council in relation to the following years budget and preparation of year end accounts and reconciliation

**AUDIT SUMMARY**

1. When issuing the Agenda for the meeting at which Precept and Budget setting is undertaken, the Agenda should include reference to the consideration and acceptance of Dispensation requests from Councillors.
2. At Council meetings there is evidence recorded of the Council monitoring income and expenditure and undertaking bank reconciliation. This should be presented against agreed budget for the year to easily identify and under or overspends and to minute reasons.
3. A procedure is in place for a Councillor who has not authorised payments to check the bank statements against minutes and documentation. Two person signatory rule is applied.
4. Receipt of Precept is evidenced in bank statements
5. The Council prepares and approves a budget in a timely manner before setting its Precept prior to the commencement of the financial year. Income and expenditure is reconciled and broken down into appropriate headings which are thoroughly considered when setting the budget. As the budget is set in January, there should be a column showing expenditure to date against agreed budget and then a forecast to the end of the year to show total expected income and expenditure to the end of the year.
6. Reserves – both ‘free reserves’ and ‘ear marked reserves’ should be identified within the budget setting process. Free reserves should be c50% of your Precept and reference to this is made in the minutes but needs reflecting in the budgets. Ear-marked reserves should include specific funds ear-marked for projects, but also planned savings year on year towards items such as Election costs, replacement of IT equipment etc. At the moment the Council does not have any funds ear-marked for Election costs and in the event of a contested election, the expenditure would need to come from free reserves. The Council should have a Reserves Policy.
7. Generally it is good budget setting to do advance 3 year forecasts and this should be considered by the Parish Council
8. Accounts should have provision in accounting headings for Section 137, even if this is indicating a zero figure
9. There was no evidence in the minutes of the Council reviewing the effectiveness of Internal Audit and I would recommend this going forwards
10. There is evidence in the minutes of Financial Regulations being implemented effectively.

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11. There is no record of Chair's/Councillors allowances being advertised, these need to be advertised even if the amount is zero.

## RECOMMENDATIONS

- Review effectiveness of Internal Audit
- To record income and expenditure against agreed budget for the year as part of regular reconciliation process
- When issuing the Agenda for the meeting at which Precept and Budget setting is undertaken, the Agenda should include reference to the consideration and acceptance of Dispensation requests from Councillors.
- When forward planning, to use actual expenditure/income to date along with predicted expenditure/income to end of financial year, to support accurate budget setting
- Accounts should have s137 expenditure identified separately, even if the figure is zero in the budget
- Reserves Policy and identification of both free reserves and ear-marked reserves within the accounts
- Advertisement of Chair's/Councillors allowances, even for zero sums

## Risk Assessment

**OBJECTIVE :** To ensure risks are identified and managed effectively

**WORK DONE :**

As part of the audit the following work was undertaken for this objective :

- Review of Council Risk Assessment and areas covered
- Audit of payments linked to Council minutes
- Testing of income and expenditure processes
- VAT recovery procedures

**AUDIT SUMMARY**

1. The Council had the appropriate insurance cover in place which was reviewed annually. In terms of insurance cover this included Fidelity Guarantee (£250,000), public liability insurance cover (£12,000,000) and Employer's Liability (£10,000,000). This was cross referenced with the annual Risk Assessment for the Parish Council.
2. The Council uses the services of a Groundsman who does not hold public liability insurance and the Council has a verbal agreement with him that they are not legally responsible for any claims. I would recommend that this is put in writing and also discussed with the Councils' insurance company to gain confirmation in writing that it does not impact the Councils insurance
3. The Council had a Statement of Internal Control as part of its risk management.
4. There is an annual review of Council risks which is well documented and provided a robust system of risk assessment and managing risk.
5. Payments could be evidenced back to Council minutes authorising payments
6. All accounts for payment are reported to the Council for approval and included in the minutes of the meetings. The salary amount to the Clerk is not always listed, so it is recommended there is an entry that references that the Council have seen the payroll and confirmed the amount to be paid
7. The Parish Council does not have electronic banking and all payments are made by cheque
8. Income and expenditure processes were tested with payments being made by cheque payments. Original invoices are checked by Clerk and two Councillors with accounts for payment being initialled. Cheque stubs should also be initialled for completeness. Audit check was undertaken to follow payment process through to bank statements.
9. The Council does not hold petty cash and does not have a Council debit card. Although the Council has not received any cash payments, it would be worth considering having an agreed process for handling cash payments eg if a resident were to give a cash donation
10. There is evidence of VAT being reclaimed during the audit year and this is accommodated for within budget headings

**RECOMMENDATIONS**

- Clerk and Councillors authorising payments should also initial cheque stubs
- Where the amount to be paid to the Clerk is not minuted, there should be reference that the Council has evidenced the payroll information and confirmed the amount to be paid
- Policy and process for receiving any cash payments as part of risk assessment
- Clarify absence of Groundsman public liability insurance does not impact Council insurance

## Assets

**OBJECTIVE :** To ensure a complete and accurate register is kept detailing all the assets owned by the Parish Council

**WORK DONE :**

As part of the audit the following work was undertaken for this objective :

- Confirmation of Council Asset Register
- Ensure assets have adequate description to enable them to be identified
- Ensure assets have value identified and there is process in place for inspecting and re-evaluating costs

**AUDIT SUMMARY**

1. The Council held an up to date Asset Register which is reviewed annually.
2. Minutes should record that physical inspections of property and equipment is undertaken by the Clerk on an annual basis and reported to the Council
3. The minutes should include a copy of the full asset register
4. The copy of the full Asset Register is published on the Council website as a public document
5. The Council does not own any land or buildings
6. Risk assessment and management covers items on Asset Register

**RECOMMENDATIONS**

- To ensure that minutes record that physical inspections of Council assets have been undertaken
- To ensure that minutes include full copy of Asset Register as approved,

## Payroll /Staffing

**OBJECTIVE :** To ensure amounts paid as salary are correct and have been subject to PAYE/NIC deductions which have been calculated in accordance with PAYE regulations. To ensure that all deductions have been paid over to HMRC within time constraints where appropriate. To ensure that pension deductions have been calculated at the correct rate and paid over to the required body in accordance with Pension Regulations.

### **WORK DONE :**

As part of the audit the following work was undertaken for this objective :

- Review of procedures for salary payments
- Review of procedures for implementing tax codes and relevant deductions
- Review of pension deduction procedures and reporting to relevant pension scheme
- Review to ensure that payments are accurately authorised by the Council and recorded in minutes of meetings
- Ensure that any contractual changes are recorded

### **AUDIT SUMMARY**

1. The Clerk/RFO has a contract of employment with the Parish Council and contractual changes recorded in the minutes.
2. There was evidence of salary payments on a monthly basis to the Clerk with the audit trail verifying paperwork and payments against bank statements
3. The Parish Council does not pay an Office Allowance but reimburses any expenditure for items purchased directly to the Clerk by cheque, which is recorded in the minutes
4. The Parish Council is not registered with HMRC as the Clerks salary is under the threshold for PAYE. Minutes should duly reflect and record this on an annual basis in a timely manner ie when annual threshold limit is published by HMRC
5. The Council implements recommended nationally agreed pay scales and grades (NALC).
6. The Council is not registered with the Pension Regulator and is required by statute to notify the Pension Regulator about Automatic Enrolment duties, and this should be duly recorded in the minutes of meetings.
7. The number of hours allocated to the Clerk to undertake Parish Council work does not appear to be reflective of the actual number of hours required to thoroughly undertake the work required for the post. The Parish Council need to be mindful of the ever increasing responsibilities being placed on Parish Council and the additional work required by the Clerk to research and implement procedures and systems to ensure the Council operates legally. It was pleasing to see in the minutes that the Council is mindful of this situation and I would recommend that the Council continue to not only monitor this, but plan ahead based around knowledge of any new forthcoming initiatives or legislation the Council are aware of.
8. There was no evidence that the Clerk receives annual staff appraisal
9. Checking of bank statements evidences the payment of salaries to individuals and spot check audit of salary slips provides an audit trail to verify payment of salary against bank statement.

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10. There is evidence of a staff training budget and attendance by the Clerk at GDPR training. I would recommend that through the staff appraisal process, training needs are reviewed and budgeted for in terms of training attendance costs and additional hours by Clerk to attend training. The Parish Council has a duty to ensure they take appropriate actions to operate within the legal framework and this relies heavily upon ensuring their Clerk is fully trained and in a position to give appropriate guidance to the Council on matters of statute.
11. There is evidence in the minutes of Councillors receiving GDPR training through the Clerk cascading training. As good practice I would recommend that Councillors undertake a Councillor training audit and ensure that Councillor training is appropriately budgeted for.

## RECOMMENDATIONS

- The Parish Council to annually review and record in the minutes, their duties with regards to registering with HMRC
- That the Parish Council register with the Pension Commissioner to assess and declare compliance with automatic enrolment duties
- That the Clerk receive annual appraisal
- That the Parish Council consider on an annual basis the Clerks training needs, and allocate appropriate budget, which ensures that the Clerk has training to ensure the Council remains legally compliant
- For the Council to consider Councillors training needs and identify a suitable rolling training budget

## Bank and cash income and expenses

**OBJECTIVE :** To ensure systems in place for the accurate recording of all income and expenditure is sufficient and free from material error or misstatement. To ensure that all expenditure has been authorised by the Council and minuted accordingly and that all income can be verified to the source

**WORK DONE :**

As part of the audit the following work was undertaken for this objective :

- Bank reconciliation has been checked for arithmetical accuracy. Brought forward balance agreed to previous year reconciliation
- Bank balances have been agreed to bank statements as at 31<sup>st</sup> March 2026 and receipts and payments totals agreed
- A sample of costs verified against meeting minutes, vouchers, authorised payment, paid in accordance of the instructions.

**AUDIT SUMMARY**

1. At the time of the audit, year end accounts had not been signed by the Chair and therefore not yet recorded in the minutes, but this was an Agenda item for their meeting on 21<sup>st</sup> May 2026 at which the AGAR would be considered by the Parish Council
2. The Annual governance statement as part of the previous years audit was approved by the full Council and published on the Council website.
3. The annual statement of accounts (section 2 of the AGAR) was approved by full Council and published on the website
4. The notice for the period for exercise of the public rights was duly published on the Council noticeboard . Dates were not recorded in the minutes and this would be a recommendation going forwards for accuracy.
5. The Council complies with the Transparency Act.
6. Bank reconciliations are presented and approved by the Council in accordance with procedures outlined in Financial Regulations and audit checks completed for arithmetical accuracy with no concerns.
7. Bank statements are made available to all Councillors as well as income and expenditure information to note and approve against budget. No petty cash is held.
8. Records of payments were contained within the minutes of the meetings and approved for payment by the Parish Council, detailing payee, amount and purpose of payment.

**RECOMMENDATIONS**

Record advertisement of public rights in minutes

## Assertion 10

**OBJECTIVE :** To ensure systems in place and that the Council meets the requirements of Assertion 10

**WORK DONE :**

As part of the audit the following work was undertaken for this objective :

- Review of IT Policy
- Review and confirm use of domain owned website
- Review and confirm use of compliant email address
- Review and confirm that the Council website is operational, publishes statutory documents and is accessible in terms of finding the transparency required information
- To determine if Accessibility Statement is available that meets WCAG 2.2 AA requirements

**AUDIT SUMMARY :**

- The Parish Council has adopted and implements an IT policy
- The Council has a domain owned website which is a .org domain
- The Council has a compliant email address
- The Parish Council has an Accessibility Statement that meets requirements and also has a Privacy Policy. The Accessibility Statement identifies some documents which may not be fully accessible and alternative ways of obtaining the information.
- The Council meets its statutory requirements in accordance with GDPR, with the Clerk and Councillors having undertaken GDPR training
- The Council is registered with the Information Commissioner. The Council has implemented a Freedom of Information Policy based on the ICO Publication Scheme.
- Document management is effective with secure digital data back up
- The Council has a Publication Scheme which is adopted, reviewed and published detailing all categories of information available.
- The Council complies with the Transparency Act
- The website has evidence of regular dated updates
- Website documents are PDF format and therefore navigable for readers.
- There is evidence that the Council recognizes its obligations under data protection law

**RECOMMENDATIONS :**

- None