

Annual Internal Audit Report 2025/26

Abberley Parish Council

<https://www.abberleyparish.org.uk/>

During the financial year ended 31 March 2026, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2025/26 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
	A. Appropriate accounting records have been properly kept throughout the financial year.	✓	
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Cash payments were properly supported by receipts, all cash expenditure was approved and VAT appropriately accounted for.			✓
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.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
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.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2024/25, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2024/25 AGAR tick "not covered")			✓
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.	✓		
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).	✓		
N. The authority has complied with the publication requirements for 2024/25 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. The authority has complied with laws, regulations & proper practices relating to digital and data compliance.	✓		
P. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

Name of person who carried out the internal audit

14/05/2026

G LUNGLEY

Signature of person who carried out the internal audit

G Lungley

Date

14/05/2026

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

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Abberley Parish Council

Annual Internal Audit Report

2025/26

Having been appointed to undertake your annual internal audit for 2026 I have reviewed the parish council's accounts and governance procedures to 31st March 2026 and can now report upon the outcome.

Included in this annual review is my understanding of the council's procedures and the end of year figures which support the completed Annual Internal Audit Report section of the AGAR for 2025/26. The signed copy is returned herewith.

The role of the Internal Auditor is to review systems rather than undertake detailed checks that are more appropriately the responsibility of the council, however in this report I have included a few recommendations as 'Comment' where there is potential for improvement.

I confirm I have acted independently of the council to produce this report.

In general, I have found the records of the council's accounts and governance procedures to be basically sound. Any areas requiring attention are referred to throughout the report. I would like to thank your Clerk for her assistance in preparation of this report.

G Lungley

Gill Lungley
Internal Auditor
14/05/2026

Introduction

The Accounts and Audit Regulations 2015 require all parish and town councils to prepare an Annual Governance and Accountability Return (AGAR). The process expects the council to conduct a review of the effectiveness of their system of internal control in accordance with proper practices relating to accounts, and appoint a competent, independent person to undertake an internal audit.

As part of that review process, Abberley Parish Council has appointed me to undertake the annual internal audit. The role of the Internal Auditor is to look through the council’s processes and procedures and, where necessary, make recommendations (here noted as ‘Comment’) intended to support improvement of the Council’s governance.

The primary objectives of Internal Audit are to:

- i. review, appraise and report upon the adequacy of governance and internal control systems operating throughout the council, for which I will adopt a predominantly systems-based approach; and
- ii. carry out an annual inspection of the books and records of the council.

Scope of Work

In keeping with updated Proper Practices*, I have checked the following key areas:

- A. Proper bookkeeping
- B. Payment controls in relation to Financial Regulations
- C. Risk management and Financial Internal Controls
- D. Budgetary controls
- E. Income controls
- F. Cash procedures (if applicable)
- G. Payroll controls
- H. Assets and investments
- I. Bank reconciliations.
- J. Accounting statements and application of spending powers
- K. Exemption criteria (if applicable)
- L. Website and transparency code
- M. Public Rights notice and dates
- N. Publication of previous AGAR
- O. Digital and data compliance
- P. Review of the status of Trusts (if applicable)

***Please note:** Reference to “Proper Practices” is to the annual publication from the Joint Panel on Accountability and Governance (JPAG) Practitioners’ Guide. In this case it refers to the amended edition for the financial year 2025/26, which is available online here: [file \(https://www.saaa.co.uk\)](https://www.saaa.co.uk) and any relevant updates since publication.

AGAR certificate reference	Internal Audit action for expected controls, as specified in ‘ Governance and Accountability for Smaller Authorities in England ’, March 2025	
A.	Appropriate accounting records have been properly kept throughout the year. It is noted the council uses an excel spreadsheet for the bookkeeping.	
	(1) Roll forward of the prior year cashbook balances to the new financial year. Box 7 and 8 of AGAR 2025 = £62,679.76 (rounded up to £62,680) is the opening balance for all bank reconciliations during the year to 31/03/2026.	✓

	<p>(2) Financial transactions in cashbooks relative to bank statements, etc: the sample size dependent on the size of the authority and nature of accounting records maintained.</p> <p>There is an audit trail for most of the invoices through bank statements, the accounts spreadsheet and relevant minutes for the year. Instances of grant payments are not always evidenced as an 'invoice' but the decisions to pay them are recorded in the minutes.</p>	✓
	<p>(3) Bank Reconciliations Are bank reconciliations prepared routinely and subject to independent scrutiny and sign-off by members?</p> <p>The minutes of each meeting state that the bank reconciliation is noted, but there is no evidence in the minutes or on the agenda of the related detail. The council's accounts spreadsheet contains the year-end reconciliation. Recommendation: to help readers understand and to support openness and transparency, the minutes should include the detail of the financial information referred to in the meeting, along with a record of council oversight, eg 'checked and signed by Cllr'.</p>	x
	<p>(4) Year-end bank reconciliation and accuracy of the combined cash and bank balances on AGAR s2, line 8.</p> <p>Using the opening balance of £62,679.76, the parish council's bank reconciliation to 31/03/2026 is £86,993.64. This is calculated from the bookkeeping records for receipts and payments, against the final bank statement values.</p> <p>This agrees with the amount on the council's 2025/26 AGAR s2, line 8 rounded down to £86,993.</p>	✓
	<p>(5) Investment strategy if bank balances are more than £100,000</p> <p>Comment- It is good practice to consider an investment strategy even when bank balances are less than £100,000 and it is noted the parish council is taking this forward.</p>	n/a
B	<p>This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for.</p>	
	<p>1. Review the procedures in place for acquisition of formal tenders and quotes, ensuring they are in line with the SOs and FRs which should be based on the latest version.</p> <p>Comment- Minor point: It is noted the current NALC Financial Regulations have been adopted. The minutes should record any decision the council makes to waive certain aspects of the regulations to aid expediency. For instance, paragraph 5.5 (Procurement) expects the Clerk / RFO to seek quotes or obtain estimates. For openness and transparency, it would be helpful to record in the minutes when this expectation is transferred to someone else eg quotes for ongoing work to Apostles Meadow.</p>	✓
	<p>2. Review the procedures for receipt of invoices, agreement of invoice detail and confirmation of goods / services delivery and approval for payment.</p> <p>Purchases are approved in advance at council meetings.</p> <p>The Clerk receives the invoice which is checked for detail and accuracy, confirms receipt of goods or services and adds it to the monthly payment authorisation procedure at each meeting.</p> <p>It is noted some goods ordered under the Clerk's name, are delivered elsewhere; it is expected that the Clerk will be notified of receipt of those goods upon arrival.</p>	✓

	<p>3. Check there is effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments.</p> <p>The 'two-signature rule' was removed in 2014 and it is now possible (but not good practice) for only one person to both set up payments and release the money. However, at this council, the release of money relies on two people.</p>	✓
	<p>4. Check VAT reclaims are prepared and submitted in a timely manner in line with the underlying records and in accordance with current HMRC requirements</p> <p>HMRC reimbursed £1,265.06 in February 2026.</p>	✓
C	<p>This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</p>	
	<p>1. Ensure authorities have prepared, and formally adopted, at least once annually, an appropriate and comprehensive register of assessed risks, both regular and ad hoc</p> <p>The minutes of the meeting held 21/05/2025 record that the council's risk assessment was noted. The online policy document relates.</p>	✓
	<p>2. Ensure appropriate levels of insurance cover are in place for land, buildings, public, employers' and hirers' (where applicable) liability, fidelity / employees (including councillors) liability, business interruption and cyber security.</p> <p>Insurance cover is in place including Employer's Liability and Public Liability cover. The policy may need to be updated to ensure all new projects are included.</p>	✓
	<p>3. Review the effectiveness of internal control carried out by the authority</p> <p>See appendix A.</p>	✓
D	<p>The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</p>	
	<p>1. Ensure the full Authority, not a committee, has considered, approved and adopted the annual precept for the coming year in accordance with the required parent Authority timetable</p> <p>Minuted at the parish council meeting held 19/11/2025 where the precept for 2026/27 amounting to £26,886 was agreed.</p>	✓
	<p>2. Ensure the Authority has considered the establishment of specific earmarked reserves and, ideally, reviews them annually as part of the budget assessment process</p> <p>The parish council has a significant number of earmarked reserves, or 'allocated funds' amounting to £70,668.31.</p>	✓

	<p>3. Ensure the precept received in the accounts matches the prior year submission form to the relevant authority and the public record of precepted amounts</p> <p>The meeting held 20/11/2024 records precept for 2025/26 to be £25,852. The public record of precepted amounts for 2025/26 is £25,852. During the year, the precept received has been recorded as £25,852.</p>	✓
E	<p>Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.</p> <p>The parish council is not VAT registered and makes no taxable supply. The expected income in addition to the precept amounts to Lengthsman scheme reimbursement, VAT reimbursement, grants, donations, Community Infrastructure Levy and bank interest. Two unexpected donations were received during the year amounting to £1,012.50; reported in the minutes with discussion on what to spend it on.</p>	✓
F	<p>Cash payments were properly supported by receipts, all cash expenditure was approved and VAT appropriately accounted for</p> <p>Not used.</p>	
G	<p>Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.</p> <p>No member allowances are paid. The parish council's in-house payroll procedure makes use of the HMRC Basic Tools app operated by the Clerk. Full records are kept of earnings, PAYE and NI which are checked. Reference to back-pay and annual salary increase is included in the minutes. Proof of council payments to HMRC are maintained as a record in the council's accounts. No pension arrangements are in place</p>	✓
H	<p>Asset and investment registers were complete and accurate and properly maintained.</p> <p>1. Tangible Fixed Assets: Ensure the Authority is maintaining a formal asset register and updating it routinely to record new assets at historic cost price, net of VAT and removing any disposed of / no longer serviceable assets.</p> <p>The asset register is kept up to date and was noted at the annual parish council meeting held 21/05/2025.</p> <p>Borrowing and Lending:</p>	✓
		n/a
I	<p>Bank account reconciliations.</p> <p>Regular bank account reconciliations are undertaken and referenced in the minutes of council meetings. See comment to A3 above.</p>	✓
J	<p>Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.</p>	

	With annual turnover of less than £200,000 the council has chosen to prepare its accounts on a receipts and payments basis. The council's bookkeeping provides an adequate audit trail.	✓
K	If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt.	
	<i>IAs should ensure that, all relevant criteria are met (receipts and payments each totalled less than £25,000)'...</i>	n/a
L	The authority publishes information on a free to access website / web page, up to date at the time of the internal audit in accordance with the relevant legislation	
	<p><i>IAs should review the Authority's website ensuring that all required documentation is published in accordance with the relevant legislation.</i></p> <ul style="list-style-type: none"> • The Freedom of Information Act requires the council to have a Publication Scheme, which is available on the council's website and is relevant. YES. • The Localism Act 2011 requires all members' Register of Interests to be publicly available. NO This is not wholly so, see Appendix A below, comment 1C. • Data Protection Regulations require appropriate care is taken with regard to the use of personal data. No evidence is shown of inappropriate use of personal data. • There is no specific Transparency Code which applies to Abberley PC but it is generally accepted that councils with turnover of between £25,000 and £200,000 follow the Code that applies to councils with turnover of more than £200,000, the Local Government Transparency Code 2015. • Access to the council's website is free and is expected to comply with the appropriate WCAG regulations. • The information on the website appears to be current. It would be helpful to remove documents that have been superseded, eg Risk Assessments 2024 (Policies tab). • Statutory financial information such as the annual CIL report and Annual Governance and Accountability Return, including the External Auditor's report (where applicable) for the last six years are available on the current website. 	✓
M	The authority, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.	
	<p>1. IAs should acquire / examine a copy of the required "Public Notice" ensuring that it clearly identifies the statutory 30 working day period when the Authority's records are available for public inspection.</p> <p>Correctly in place.</p>	✓
	<p>2. IAs may also check whether councils have minuted the relevant dates at the same time as approving the AGAR.</p> <p>The relevant dates were minuted at the same meeting the 2024/25 AGAR was approved, on 21/05/2025.</p>	✓

N	The authority complied with the publication requirements for the prior year AGAR.	
	<p>1. IAs should ensure the statutory disclosure / publication requirements in relation to the prior year's AGAR have been met as detailed on the front page of the current year's AGAR.</p> <p>The statutory disclosure / publication requirements in relation to the prior year's AGAR have been met.</p>	✓
O	The authority has complied with laws, regulations and proper practices relating to digital and data compliance.	
	<p>This is a new objective for the internal auditor to check. The parish council is expected to be able to evidence the following-</p> <ul style="list-style-type: none"> • IT Policy (covering devices, access, passwords, email, website). • Data Protection and GDPR Policy. (These need to be reviewed with appropriate version control in evidence) • Records Retention & Disposal Policy – not available. • Website Accessibility Statement. <p>The council is also expected to act as follows-</p> <ol style="list-style-type: none"> 1. Uses official council email accounts and secure systems (not personal or free mail services). 2. Applies cybersecurity controls (antivirus, encryption, backups, firewalls, strong passwords, MFA). 3. Conducts staff and councillor training on data protection and IT safety. Unknown 4. Reports and logs data breaches, with a clear escalation route to the Clerk and ICO. Unknown 5. Reviews policies annually and keeps version control notes for audit. <p>Comment- Although not everything is covered, it would appear the parish council is moving in the right direction to ensure its digital processing complies with statutory requirements to keep data, especially personal data, secure.</p>	✓
P	Trust funds (including charitable) - the Council met its responsibilities as a trustee	
	n/a	N/A

~End of report~

Gill Lungley, 14/05/2026

Enclosures-

- Herewith, Appendix A- list of expected internal controls
- Separate, Signed AGAR Annual Internal Audit Report, page 3 of AGAR 2025/26

Appendix A

Internal Controls: The following is a minimum expectation.

1. Governance	
	<p>a) Annual election of Chair The Annual PC meeting held 21/05/2025 records 'apologies' as the first item of business. Local Government Act 1972, s15(2) requires the first item of business at the annual council meeting to be the election of Chair, a 12-month appointment. NB. The Clerk should never be expected to chair a council meeting. The person who has been the Chair remains in situ until the next election for that position.</p>
	<p>b) Standing Orders and Financial Regulations are up to date and followed APC Standing Orders and Financial Regulations are the latest versions recommended by NALC. The FR's for instance now include a 'Tender Process' at Appendix A.</p>
	<p>c) Minutes, agendas and decision-making procedures comply with legal requirements. Minutes are to be maintained as a signed paper copy in perpetuity; can be safely archived via Worcs County Council.</p>
	<p>d) Register of Members' Interests is maintained and declarations recorded.</p> <ul style="list-style-type: none"> • There is a mismatch of register forms available on APC website and those available on MHDC website. • The Chair has no register available to view on APC website, and not included at all on the MHDC site. • There is no requirement to include district and county representatives as members of the parish council, as shown on the website. The current presentation is misleading. It is noted there are difficulties with the Principal Authority's publication of the Register.
2. Financial Management	
✓	2a) Annual budget and precept were approved by full council
✓	2b) Regular budget monitoring reports were received during the year
✓	2c) All payments were properly authorised and supported by invoices
✓	2d) Payment schedules were reported to council and minuted.
3. Banking & Accounting	
✓	3a) Bank reconciliations were completed regularly
?	3b) Reconciliations were independently checked/signed by a councillor
✓	3c) Accounting records were kept up to date throughout the year
✓	3d) VAT claims were checked and properly recorded
4. Payroll	
✓	4a) Salaries were approved by council
✓	4b) PAYE/NIC and pension duties were correctly administered
✓	4c) Staff contracts and records are in place.
5. Assets, Risk & Insurance	
	5a) Asset register was reviewed – ensure it is up to date.
	5b) Insurance cover was reviewed – ensure it is up to date
	5c) Annual risk assessment was completed and approved
	5d) Appropriate inspections of council property/land were carried out

6. Transparency & Compliance	
✓	6a) Publication requirements were met (including AGAR and payments lists)
✓	6b) Public rights were properly advertised
✓	6c) FOI requests and complaints procedures are in place
7. Internal Audit & Assurance	
	7a) An independent internal auditor was appointed
	7b) The internal audit report was considered by council
	7c) Any recommendations have been addressed or action planned