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South Lenches Parish Council

Annual Internal Audit Report 2025/26

Having been notified of the parish council's wish to continue as your Internal Auditor for the 2025/26 financial year, I have now completed my review of the parish council's accounts and governance procedures.

Included in this annual review is my understanding of those 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.

The change of clerk during the year has been noted.

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 in a state of positive progress towards being well kept and would like to thank your Clerk, for their assistance in preparation of this report.

G Lungley

Gill Lungley
Internal Auditor
10/05/2026

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, South Lenches 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) 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, 2025 = £8,100.48, which is the opening balance to the 2025/26 financial year's bank reconciliations.	✓

	(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. Having reviewed a selection of invoices, as shown here, I have been able to follow an audit trail between receipt of invoice, inclusion on the accounting spreadsheet and payment at the bank- s/sheet Row 13 Business Services Annual Insurance s/sheet Row 15 Jonathan Hazlewood (Playground/Pool Contractor) s/sheet Row 16 HMRC PAYE s/sheet Row 29 Wychavon District Council (Dog waste bin collection) s/sheet Row 37 Simon Skeyes (Lengthsmen) s/sheet Row 53 Becky Hopkinson (PlanET) **Comment-** It would help with transparency and openness to also see the full payments list minuted at each parish council meeting, rather than just referred to.	✓
	(3) Bank Reconciliations **Are bank reconciliations prepared routinely and subject to independent scrutiny and sign-off by members?** The minutes of the meeting held 12/05/2025 include the approved bank reconciliation. Although subsequent minutes refer to approval of payments and approval of the summary of accounts, they contain no bank reconciliation as a record of the council's financial position. However, for the meeting held 12/01/2026 there is a move towards greater transparency on the website agenda page which contains supporting papers showing the payments for authorisation, a bank reconciliation and the year-to-date position.	✓
	(4) Year-end bank reconciliation and accuracy of the combined cash and bank balances on AGAR s2, line 8. The Clerk has provided a copy of AGAR 2025/26, s2 which shows line 8 balance as £11,243.82. Despite not having seen copies of the bank statements as at 31/03/2026, I have been provided with screenshots of the position, which is not quite the same, but I can see this information accords with the final bank reconciliation and agrees with AGAR s2, line 8.	✓
	(5) Investment strategy if bank balances are more than £100,000	n/a
B	**This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for.**	
	1. Review the procedures in place for acquisition of formal tenders and quotes, ensuring they are in line with the [Standing Orders and Financial Regulations]() which should be based on the latest version. **Comment:** The minutes of the annual meeting held 12/05/2025 record the council has re-adopted, without change, Standing Orders and adopted amended Financial Regulations but neither of these documents has been uploaded to the SLPC website. The copies on the website are not dated as having been reviewed in May 2025 and show no review date. It is recommended the council adopt and suitably tailor the latest models. There is no record of any major purchases during the year. Payment has been made for updates to the neighbourhood plan which was not included in the budget but has been supported by WDC funding.	✓

	2. Check there is effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments. All payments require at least two signatures before money is released. The Clerk prepares the payments for approval by two councillor signatories.	✓
	3. Check VAT reclaims are prepared and submitted in a timely manner in line with the underlying records and in accordance with current HMRC requirements **Comment 1:** There is a receipt record in January 2026 for VAT reclaim relating to the 2024/25 financial year. A subsequent VAT reclaim to January 2026 is in progress; the Clerk will maintain annual oversight with the potential to claim quarterly. **Comment 2:** It will be helpful to maintain a separate VAT column in the accounting spreadsheet, to keep a tally of how much is owed over the year.	✓
	4. Where debit / credit cards are in use, establish the total monthly and individual transaction limits and ensure appropriate controls over physical security and usage of the cards are in place. **Comment:** Not used.	✓
C	**This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.**	
	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 **Comment (as for last year)**: The council's Risk Management Policy was agreed without change at the annual council meeting on 12/05/2025, however the online document is dated May 2021. It is recommended the council undertakes a comprehensive review of this policy and dates it to show it is current.	✓
	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 Insurance cover is with Ansvar Insurance (available to non-profit making organisations); agreed to continue at meeting held 12/05/2025. The employer's liability certificate and confirmation of public liability have been evidenced.	✓
	3. Ensure appropriate arrangements are in place for monitoring play areas, open spaces and sports pitches: such reviews should be undertaken by appropriately qualified external inspectors or, if by officers or members, that they have received the appropriate training and accreditation The minutes record that council members undertake regular checks of the council's assets and a record is kept of any concerns. The play equipment is checked annually by a RoSPA approved contractor.	✓

	4. Review the effectiveness of internal control carried out by the authority **Comment**: The council's Statement of Internal Controls dated May 2022 is posted to the website; it is recommended that this be reviewed and updated as necessary to include dates of review and of next review. The minutes show some action has been taken following last year's internal audit report.	✓
D	**The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.**	
	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 At its meeting held 12/01/2026, the council approved "the budget and precept amount for 2026/27. Council resolve to put £2k a year in reserve. Cllr Dr Murray proposes 4% on the precept to be put forward to WDC based on inflation." **Comment-** Whilst the objective is met, and as noted last year, the actual precept amount being sought is not separately recorded in the minutes which could cause confusion. Does the parish council know the exact amount it is requesting from the district council and its impact on parish council taxpayers? How would any council tax paying resident of the parish reading the minutes, know how much they will be expected to pay? There is no evidence of compliance with section 49A of the Local Government Finance Act 1992 which sets out the procedure for calculating the annual precept.	✓
	2. Ensure current year budget reports are prepared and submitted to Authority / Committees periodically during the year with appropriate commentary on any significant variances Budget reports are referred to each council meeting, but no detail is minuted. For reference, the council has no earmarked reserves and has agreed to establish a reserve fund, but it is not clear if it is a reserve for a specific purpose, or to establish a general reserve.	✓
	3. Review the budget performance either during the year or at the financial year-end seeking explanations for any significant or unanticipated variances The budget document included in the supporting papers for the meeting held 12/01/2026 notes all variances.	✓
	4. Ensure the precept received in the accounts matches the prior year submission form to the relevant authority and the public record of precepted amounts The public record for 2025/26 shows precept amount of £13,960 which matches the amount received from Wychavon District Council and agrees with the minutes of the meeting held 13/01/2025 when a budget of £14,350 was agreed, of which £13,960 is precept and £390 is council tax support grant.	✓
E	**Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.**	

	The parish council has little in the way of other income. It takes part in the county council's Lengthsman scheme and is reimbursed for payments made to the Lengthsman up to a budgeted amount. The year's expected income mainly relates to VAT reclaim for 2023/24, bank interest, precept and the council tax support grant. Additional grant funding was received relating to the Neighbourhood Plan. The parish council makes no taxable supply.	✓
F	**Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for**	
	Not covered.	
G	**Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.**	
	There was a change of staff at the start of this financial year. During the year a formal employment contract and appropriate salary arrangements were in place according to the approved spinal point. The HMRC Basic Tools software is managed by the Clerk and scrutinised by the Chairman and there are regular reporting and payment arrangements to HMRC with regard to PAYE and NI. The council is registered with the Pensions Regulator although no pension has been offered. No council member receives a council allowance.	✓
H	**Asset and investments registers were complete and accurate and properly maintained.**	
	Tangible Fixed Assets: Ideally, the register should identify for each asset the purchase cost and, if practicable, the replacement / insured cost, the latter being updated annually and used to assist in forward planning for asset replacement. The minutes of the meeting held 12/05/2025 record the Asset Register was reviewed and is to be updated. I have been provided with a copy of the asset register 2025.26 which needs to be updated regarding assets that no longer exist.	✓
	Borrowing and Lending: no loans on record.	✓
I	**Periodic bank account reconciliations were properly carried out during the year.**	
	Periodic bank account reconciliations were properly carried out during the year (see objective A).	✓
J	**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.**	
	The council's annual turnover is less than £200,000 and it has chosen to prepare the accounting statements on receipts and payments basis. The cashbook record is supported by the bank statements, invoices and receipts.	✓
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.**	
	With both payments and receipts each totalling more than £25,000 during 2024/25, the parish council was unable to claim exemption.	✓

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**	
	I have reviewed the Authority's website to ensure all required documentation is published in accordance with the relevant legislation. The information may be published but it is not always current. However, it is noted that a new Clerk was employed during the year, working on a restricted number of hours per week and such matters are in hand.	✓
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 & Audit Regulations**	
	1. I have examined the online copy of the required "Public Notice" which clearly identifies the statutory 30 working day period for the exercise of public rights.	✓
	2. The relevant dates were recorded at the same time as approving the AGAR at the meeting held 12/06/2025.	✓
N	**The authority has complied with the publication requirements for 2024/25 AGAR.**	
	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. The statutory disclosures have been made online and within the set timeframe.	✓
O	**The authority has complied with laws, regulations and proper practices relating to digital and data compliance.**	
	This is a new objective for the internal auditor to check. The parish council is expected to be able to evidence the following- • IT Policy (covering devices, access, passwords, email, website). • Data Protection and GDPR Policy. • Records Retention & Disposal Policy. • Website Accessibility Statement. Also expects to see the council act as follows- 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. 4. **Reports and logs data breaches**, with a clear escalation route to the Clerk and ICO. 5. **Reviews policies annually** and keeps version control notes for audit. **This is the relevant excerpt from Proper Practices-** Assertion 10 - Digital and data compliance (Assertion 10 added to clarify data compliance, previously covered under Assertion 3) *Note: Assertion 10 will not appear on the AGAR until 2025-26* To warrant a positive response to this assertion, the authority needs to have taken the following actions:	X See appendix **A**

	1.47 Email management - Every authority must have a generic email account hosted on an authority owned domain, for example clerk@abcparishcouncil.gov.uk or clerk@abcparishcouncil.org.uk rather than abcparishclerk@gmail.com or abcparishclerk@outlook.com for example. 1.48 All smaller authorities (excluding parish meetings) must meet legal requirements for all existing websites regardless of what domain is being used. 1.49 All websites must meet the Web Content Accessibility Guidelines 2.2 AA and the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018 (where applicable). 1.50 All websites must include published documentation as specified in the Freedom of Information Act 2000 and the Transparency code for smaller authorities (where applicable). 1.51 All smaller authorities, including parish meetings, must follow both the General Data Protection Regulation (GDPR) 2016 and the Data Protection Act (DPA) 2018. 1.52 All smaller authorities, including parish meetings, must process personal data with care and in line with the principles of data protection. 1.53 The DPA 2018 supplements the GDPR and classifies an authority as both a Data Controller and a Data Processor. 1.54 All smaller authorities (excluding parish meetings) must also have an IT policy. This explains how everyone - clerks, members and other staff - should conduct authority business in a secure and legal way when using IT equipment and software. This relates to the use of authority-owned and personal equipment.	
P	**Trust funds (including charitable) - the Council met its responsibilities as a trustee**	
	n/a	

~End of report~
Gill Lungley, 10/05/2025
Internal Audit

Attachments

- **Herewith, Appendix A**: explanation of ‘no’ responses to objective O
- **Separately, Signed AIAR**

Appendix A

South Lenches Parish Council
Explanation for ‘no’ responses to the Annual Internal Audit Report 2025/26, AGAR page 4.

Objective O states- The authority has complied with laws, regulations and proper practices relating to digital and data compliance.

There is no evidence of-
- IT Policy (covering devices, access, passwords, email, website).
- Records Retention & Disposal Policy.

Or-
- **Use of official council email accounts** and secure systems (not personal or free mail services).
  It is noted the Clerk uses a council-related email address and therefore maintains separate council-only emails within the system. This is not the case for councillors who may be at risk of mixing up personal emails with council-related ones.
- **Application of cybersecurity controls** (antivirus, encryption, backups, firewalls, strong passwords, MFA).
- **Staff and councillor training** on data protection and IT safety.
- **Review of policies annually** with version control notes for audit, ie to show when last reviewed and date of next review (not all reviews need to be annual)

There is evidence of-
- Data Protection and GDPR Policy, which needs to be reviewed and recorded.
- Website Accessibility Statement, but it is not the most up-to-date version.

The following would only be referenced when needed-
- **Reports and logs of data breaches**, with a clear escalation route to the Clerk and ICO.

Gill Lungley, 10/05/2025
Internal Audit