

Alwoodley Parish Council

Internal Audit Report
Financial Year 2025/26

Prepared by Sonya Blythe
2 June 2026

I have completed an internal audit of the accounts for Alwoodley Parish Council for the year ending March 2026.

My findings are detailed below using the tests provided in the Governance and Accountability (England) guidance.

Internal control	Test	Observations
Proper bookkeeping	Is the cashbook maintained and up to date?	Yes (Scribe)
	Is the cashbook arithmetically correct?	Yes
	Is the cashbook regularly balanced?	Yes
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Yes
	Date Standing Orders last reviewed	January 2026
	Date Financial Regulations last reviewed	November 2025
	Has a Responsible finance officer been appointed with specific duties?	Clerk is RFO (not included in contract – see note)
	Are payments in the cashbook supported by invoices, authorised and minuted?	Yes, selection of payments followed from invoice, to bank statement, and minutes where possible. Payments not consistently recorded in minutes (see note)
	Has VAT on payments been identified, recorded and reclaimed?	Separate column in cashbook; backdated claim made and received in year
	Is s137 expenditure separately recorded and within statutory limits?	Separate budget code on Scribe; spend £5863 – within limits
Have S137 payments been approved and included in the minutes as such?	No (see note)	
Risk management arrangements	Does a review of the minutes identify any unusual financial activity?	-Chairman not elected in May 25 minutes (elected June), meaning all decisions / payments in May 25 were ultra vires (also all of 24/25) (see note)
	Do minutes record the council carrying out an annual risk assessment or review of their risk management scheme?	No – April 26 (see note)

Internal control	Test	Observations
Budgetary controls	Is insurance cover appropriate and adequate?	Yes Liability covers in place
	Are internal financial controls documented and regularly reviewed?	Yes - Financial oversight document with internal controls included
	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	25/26 - no budget setting process recorded in minutes (minuted retrospectively September 25) 26/27 – January 26 minutes
	Has the precept been calculated from the budget and been approved?	25/26 – not recorded / N/A 26/27 – recorded as £64,496
Income controls	Does the budget include an actual completed year?	N/A for 25/26 – budget set retrospectively in September 25 26/27 (see note)
	Is actual expenditure against budget regularly reported to the council?	Yes, monthly since Scribe was set up
	Are there any significant unexplained variances from budget?	No formal budget set in time to check. Retrospective budget rolled over from previous year.
Petty cash procedures	Is income properly recorded and promptly banked?	Yes
	Does the precept recorded agree to the Council Tax authority's notification?	Statement £51,660 (+ grant) Remittance £51,660
	Is all petty cash spent recorded and supported by VAT invoices/receipts?	N/A
Petty cash procedures	Is petty cash expenditure reported to each council meeting?	N/A
	Is petty cash reimbursement carried out regularly?	N/A
Payroll controls	Do all employees have contracts of employment with clear terms and conditions?	Yes, contract seen (see note)
	Do salaries paid agree with those approved by the council?	Yes, payslips seen

Internal control	Test	Observations
	Are salaries above the National Living Wage/Minimum Wage?	Yes
	Annual national pay award implemented?	N/A – Clerk on set scale point
	Are other payments to employees reasonable and approved by the council?	Yes Employer pension contribution of 3% very low (see note)
	Have PAYE/NIC been properly operated by the council as an employer?	Yes, P60 supplied; payments made to HMRC
Asset controls	Does the council maintain a register of all material assets owned or in its care?	Yes
	Are the assets and Investments registers up to date? When were these last reviewed?	Approved by Council March 26 Inspections carried out 25/26 purchases added
	Do asset insurance valuations agree with those in the asset register?	Yes, schedule checked
Bank reconciliation	Is there a bank reconciliation for each account and is this reported to council?	Yes
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes, reported monthly to Council from Scribe implementation
	Are there any unexplained balancing entries in any reconciliation?	No
	Is the value of investments held summarised on the reconciliation?	N/A
Year-end procedures	Are year-end accounts prepared using the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Yes, R&P
	Do accounts agree with the cash book?	AGAR – £93,413 (box 1, £137,784 matches last years restated figure) Statements - £93,412.71
	Has a year-end bank reconciliation been undertaken?	Reconciliation - £93,412.71
	Is there an audit trail from underlying financial records to the accounts?	Yes, cashbook checked against bank statements

Internal control	Test	Observations
	Where appropriate, have debtors and creditors been properly recorded?	N/A
Procedural	Is eligibility for the General Power of Competence properly evidenced?	N/A
	Have points raised on the last Internal Audit report been considered by council and actioned?	<p>23/24 points:</p> <ul style="list-style-type: none"> • Cashbook not being maintained throughout the year -Yes, full accounts now on Scribe • Meeting minutes not being available to the public after September 2022 -Minutes uploaded to website after meetings • Payments were not supported by invoices authorized and minuted -Yes, selection followed through complete process, once new Clerk took over • VAT not being claimed during the year -Backdated VAT claimed • No evidence of risk assessment -Not completed within 25/26 • No evidence of internal financial controls -Financial oversight document in place • No training policy or budget for staff or Councillors -Training budget included in 26/27budget • No HR policies -Now in place • No Health and Safety Policies -Now in place • Asset register not reviewed and updated -Reviewed and minuted March 26

Internal control	Test	Observations
<p>Transparency: For smaller councils with turnover under £25,000 (best practice £25000 – 200,000)</p>	<p>Minutes for whole year on website?</p>	<ul style="list-style-type: none"> • Registration with Information Commissioner expired November 2023 -Membership renewed November 25 • Policies on website not updated and current and require review for effectiveness -Majority of policies now reviewed <p>24/25 Internal Control objectives A, B, C, D, E, G, H, I, J, L and M not signed – covered in written report below</p> <p>Yes (excluding May, see note)</p>
	<p>Agendas for whole year on website?</p>	<p>Yes</p>
	<p>Payments over £100 detailed on website?</p>	<p>Yes</p>
	<p>Electors' rights advertised on website?</p>	<p>Yes (late – see note)</p>
	<p>Councillors' responsibilities detailed on website?</p>	<p>Yes</p>
	<p>Last financial year's AGAR on website?</p>	<p>Yes</p>
	<p>Burial Authorities only</p>	<p>Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use)</p>
<p>Are fees levied in accordance with the Council's approved scale of fees and charges?</p>		<p>N/A</p>
<p>Have fees for the cemetery been reviewed and agreed by Council?</p>		<p>N/A</p>
<p>Have burial books been kept up to date and are they safely stored?</p>	<p>N/A</p>	

Internal control	Test	Observations
Allotments only only	Has a list of allotment holders with amounts paid to Council been submitted?	N/A – managed by society. Lease seen
	Have fees for the allotments been reviewed and agreed by Council?	(See note)
Councils with charities only	Have Charities reported and accounted separately?	N/A
	Has the Council been named as Sole Trustee on the Charity Commission Register?	N/A
	Are the Charity meetings and accounts recorded separately from those of the Council?	N/A
ICO	Is data processed appropriately / Is Council registered with the Information Commissioners Office?	Yes, ICO paid on November bank statement
General Data Protection Regulations	Has the Council adopted a Data Protection Policy?	Yes
	Has the Council put in place Privacy Notices?	Yes
Assertion 10 – Digital and Data compliance	Email address - Does authority must have a generic email account hosted on an authority owned domain,	Yes
	Website – Does website meet legal accessibility guidelines	Yes
	Has IT policy been adopted?	Yes
Other	Chairman not elected in May 25	See explanation for “no” box and urgent action

Thank you to Jennifer for supplying everything so promptly.

- I have checked through your accounts and confirmed them against income and expenditure receipts, as well as against payments in your cashbook. Bank reconciliations are regularly carried out for the accounts.

- I have confirmed that your Financial Regulations and Standing Orders and other governance items are up to date.
- I have noted that your VAT has been claimed within the past year.
- I have verified that your insurance is adequate.
- I confirm that your payroll management meets requirements.
- I have reviewed your budget setting process and noted that you provide Council with regular spend against budget information.
- I have reviewed the AGAR against your year-end bank reconciliations and your accounts

I can see that huge strides forward have been taken since the 2024/5 audit, and the Council has improved tremendously in that time. It is important that Council carry on offering support to the Clerk and having oversight of the accounts and governance of the Council to ensure that any outstanding improvements are completed over the next year. As part of the budget a strong training budget has been put in place, which will continue to offer support to both Clerk and Councillors.

Explanation for “no” on AGAR form

C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these

-Although a new Health and Safety policy was published and adequate insurance is in place, one of the requirements for this item is that “ensure that authorities have prepared and formally adopted, at least once annually, an appropriate and comprehensive register of assessed risks, both regular and ad hoc”. Unfortunately the risk register was not considered by Council until April 26, which falls outside the required period.

- By law in England (Local Government Act 1972), every parish council must hold its Annual Meeting in May and the very first order of business at this meeting must be the election of the Chairman. Although the minutes from your May 25 meeting were not finalised by the former Clerk, the draft indicates that no election of Chairman took place, and you have confirmed that this occurred in June 2025. As a Chairman had not been formally elected, all decisions made at the May 2025 meeting were ultra vires and should be formally re-visited and re-confirmed. It is up to Council how this is managed, but the simplest way would be to take them en-masse under one agenda item at your next meeting. Furthermore it appears from checking minutes that a Chairman was also not elected in May 2024. At the least you, again, need to re-confirm all decisions that were taken from May 2024 – April 2025. It may be worth taking advice from the SLCC or your ALC on this.

- The Clerks contract does not state that she is also the Responsible Financial Officer. The contract should be re-issued to confirm this fact as the appointment of a RFO is a legal duty under section 151 of the Local Government Act 1972.

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.

The period for the exercise of public rights has to include the first ten working days of July.

Unfortunately, due to late submission, this period could not be met (dates advertised were 4 August – 15 September 2025).

Notes / recommendations for 26/27:

When minuting setting the budget, it is best practice to record the Band D amount within the minutes, for full transparency.

S137 - When using S137 for payments, the payment should clearly be identified within the meeting minutes as using this power. This will confirm that Councillors are collectively expressing an opinion as to the commensurate local benefit of the expenditure.

There are a lot of payments missing from your minutes across the year. Sometimes they are listed as an appendix, sometimes within the minutes, and on occasion not at all. I was able to trace enough payments through the full process (invoice – minute – bank statement – cashbook) that I could tick yes to B on the Internal Audit List, but you should ensure that the system is consistent in the future. For full parishioner transparency and ease, recording all payments (excluding salaries) within the minutes will complete this requirement and will also cover off transparency code requirements around reporting payments.

Allotment rent – the allotment lease to the allotment society states “Review Dates: the dates that the Superior Rent is to be reviewed under the Superior Lease as set out in Schedules 2 and 3 of the Superior Lease”. I couldn’t see the schedule attached so I’m not sure of the frequency that rent should be reviewed but I couldn’t see it reviewed in this years minutes; it would be worth checking whether this should be done annually by Council.

Budget setting – I understand that it was a very difficult year to set the budget, as no formal one had been agreed in 24/25. In future, for best practice, it would be a good idea to include a full, complete year within the figures so that Councillors can spot any trends etc. I.e. when setting the 2027/28 budget you would include 2026/27 to date (with an estimate to the end of the financial year), and a column for 2025/26 also as that would be the last full year available accounts.

3% employer contribution for the Nest pension scheme is the legal minimum amount; Council may wish to consider increasing this, which would assist with staff retention and employee wellbeing.

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Sonya Blythe
Internal auditor

