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# Hartlebury Parish Council Annual Internal Audit Report 2025/26

Having been appointed at the parish council meeting held 2<sup>nd</sup> December 2025, I visited the Clerk's office on 9<sup>th</sup> March 2026 and have since reviewed the end-of-year summary to 31<sup>st</sup> March 2026. I have now completed the annual internal audit 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.

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 well kept, and would like to thank your Clerk, Clare Shinner for her assistance in preparation of this report.

*G Lungley*

Gill Lungley  
Internal Auditor  
01/05/2026

## 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, Hartlebury 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 ' <a href="#">Governance and Accountability for Smaller Authorities in England</a> ', March 2025	
A.	<b>Appropriate accounting records have been properly kept throughout the year.</b> It is noted the council uses an excel spreadsheet for the bookkeeping.	
	<b>(1) Roll forward</b> of the prior year cashbook balances to the new financial year. Box 7 2025 = £47,671 is the opening balance for all bank reconciliations during the year to 31/03/2026.	✓

	<p><b>(2) Financial transactions in cashbooks relative to bank statements</b>, etc: the sample size dependent on the size of the authority and nature of accounting records maintained.</p> <p>I have reviewed a sample of invoices for services rendered or goods supplied to Hartlebury PC for the 2025/26 financial year, all of which presented a clear audit trail covering the minutes, the council's spreadsheet and relevant bank statements.</p>	✓
	<p><b>(3) Bank Reconciliations</b> Are bank reconciliations prepared routinely and subject to independent scrutiny and sign-off by members?</p> <p>Bank reconciliations are recorded monthly on the HPC website and reference to them is recorded in each month's meeting minutes along with the council's total fund balance at the end of the preceding month.</p>	✓
	<p><b>(4) Year-end bank reconciliation and accuracy of the combined cash and bank balances on AGAR s2, line 8.</b></p> <p>The cash and bank balances total £60,692.28, which should be the amount shown on AGAR s2, line 8.</p>	✓
	<p><b>(5) Investment strategy if bank balances are more than £100,000</b></p>	n/a
<b>B</b>	<b>This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for.</b>	
	<p><b>1. Review the procedures in place for acquisition of formal tenders and quotes, ensuring they are in line with the <a href="#">SOs</a> and <a href="#">FRs</a> which should be based on the latest version.</b></p> <p>The 3-year Grounds Maintenance contract was tendered for in March 2025 which followed appropriate procedures as set out in the Financial Regulations. Other quotes sought during the year have been within the parameters set in Financial Regulations.</p>	✓
	<p><b>2. Review the procedures for receipt of invoices, agreement of invoice detail and confirmation of goods / services delivery and approval for payment.</b></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>Purchases are approved at council meetings.</p>	✓
	<p><b>3. Check there is effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments.</b></p> <p>The council has the one bank account which encourages the separation of duties between administrator and signatories; this has been specifically addressed during this financial year.</p>	✓
	<p><b>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</b></p> <p>A VAT reclaim for the latter half of 2024/25 has been reimbursed during this year, totalling £1,169.71. The reclaim for 2025/26 is in progress.</p>	✓

C	<b>This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</b>	
	<p><b>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</b></p> <p>Records of the Finance Advisory Group meetings show awareness of risk is embedded within the council.</p> <p>The minutes of the Annual HPC Meeting 13/05/2025 record the approval of the Risk Register.</p>	✓
	<p><b>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.</b></p> <p>The cover provided via Zurich is appropriate.</p>	✓
	<p><b>3. Review the effectiveness of internal control carried out by the authority</b></p> <p>See Appendix A on final page.</p>	✓
D	<b>The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</b>	
	<p><b>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</b></p> <p>The Financial Advisory Group considered the budget for 2026/27 and its recommendations were considered at the council meeting held in November 2025 from which the 2026/27 precept was identified and agreed by the full council.</p>	✓
	<p><b>2. Ensure the Authority has considered the establishment of specific earmarked reserves and, ideally, reviews them annually as part of the budget assessment process</b></p> <p>A new Reserves Policy was adopted during the financial year to which the meetings of the Financial Advisory Group refer. A list of restricted / earmarked reserves is available online but needs to be updated in keeping with the council's decision at the meeting held 04/11/2025.</p>	✓
	<p><b>3. Ensure the precept received in the accounts matches the prior year submission form to the relevant authority and the <a href="#">public record of precepted amounts</a></b></p> <p>The meeting held 03/12/2024 records precept for 2024/25 to be £56,963.00. The public record of precepted amounts is £55,471. Actual precept received as recorded in the bookkeeping is £55,471 which, when added to the £1,492 discretionary council tax support grant from Wychavon DC, equals the agreed amount of £56,963.</p>	✓

<b>E</b>	<b>Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.</b>	
	The parish council is not VAT registered and makes no taxable supply. The expected income over and above the precept and council tax support grant amounts to allotments rents, wayleave and bank interest. The CIL record is appropriately maintained and the council claims reimbursement from the county council for work undertaken by the Lengthsman.	✓
<b>F</b>	<b>Cash payments were properly supported by receipts, all cash expenditure was approved and VAT appropriately accounted for</b>	
	Not used.	
<b>G</b>	<b>Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.</b>	
	No member allowances are paid. The parish council contracts out its payroll procedure, which ensures the only member of staff is not personally involved in calculating the monthly salary. Proof of council payments to HMRC are maintained; the quarterly payments are recorded in the council's accounts. Pension arrangements are in progress.	✓
<b>H</b>	<b>Asset and investment registers were complete and accurate and properly maintained.</b>	
	<p><b>1. Tangible Fixed Assets:</b> 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 council's Finance Advisory Group meeting notes approved by the council on 4/11/2025, notes the asset register had been reviewed with different amounts being recorded for accounting purposes and insurance purposes. The revised register has not yet been published to the website.</p>	✓
	<b>Borrowing and Lending:</b>	n/a
<b>I</b>	<b>Bank account reconciliations.</b>	
	Regular bank account reconciliations are undertaken and referenced in the minutes of each council meeting, along with the bank balance figure. The reconciliations are separately published to the website to show monthly totals relating to receipts and payments.	✓
<b>J</b>	<b>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.</b>	
	With annual turnover of less than £200,000 the council has chosen to prepare its accounts on a receipts and payments basis. The monthly bank reconciliations take all receipts and payments for that month into account to balance against the end-of-month bank balance. The council's accounts spreadsheets provide an adequate audit trail.	✓

K	<b>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.</b>	
	<i>IAs should ensure that, <a href="#">all relevant criteria are met</a> (receipts and payments each totalled less than £25,000)'...</i>	<b>Not applicable</b>
L	<b>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</b>	
	<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"> <li>• The Freedom of Information Act requires the council to have a Publication Scheme, which is available on the council's website and is relevant.</li> <li>• The Localism Act 2011 requires all members' Register of Interests to be publicly available; there is a link from the HPC website to the principal authority website (Wychavon DC).</li> <li>• 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.</li> <li>• There is no specific Transparency Code which applies to HPC 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.</li> <li>• Access to HPC's website is free and complies with the appropriate WCAG regulations. The Accessibility Statement needs to be updated with reference to clerk's contact details.</li> <li>• The information on the website appears to be current and there is opportunity to view records relating to previous years.</li> <li>• Statutory financial information such as the annual CIL report, Annual Governance and Accountability Return and related audit forms have been published to the website.</li> </ul>	✓
M	<b>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.</b>	
	<p><b>1. IAs should acquire / examine a copy of the required "Public Notice" ensuring that it clearly identifies the statutory <a href="#">30 working day period when the Authority's records are available for public inspection</a>.</b></p> <p>Yes, the NOTICE OF PUBLIC RIGHTS was published on HPC website on 09/06/2025 stating the inspection period would start 10/06/2025 and end on 21/07/2025.</p>	✓
	<p><b>2. IAs may also check whether councils have minuted the relevant dates at the same time as approving the AGAR.</b></p> <p>This was done at the HPC meeting held 03/06/2025, minute #37.5C.</p>	✓
N	<b>The authority complied with the publication requirements for the prior year AGAR.</b>	

	<p><b>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.</b></p> <p>Yes, everything that should have been published is on the website.</p>	✓
<b>O</b>	<p><b>The authority has complied with laws, regulations and proper practices relating to digital and data compliance.</b></p>	
	<p>This is a new objective for the internal auditor to check. It is expected the parish council will be able to evidence the following-</p> <ul style="list-style-type: none"> <li>• IT Policy (covering devices, access, passwords, email, website). In progress prior to financial year end and adopted April 2026.</li> <li>• Data Protection and GDPR Policy. ✓</li> <li>• Records Retention &amp; Disposal Policy. x</li> <li>• Website Accessibility Statement. ✓</li> </ul> <p>The council is also expected to act as follows-</p> <ol style="list-style-type: none"> <li>1. <b>Uses official council email accounts</b> and secure systems (not personal or free mail services).</li> <li>2. <b>Applies cybersecurity controls</b> (antivirus, encryption, backups, firewalls, strong passwords, MFA).</li> <li>3. <b>Conducts staff and councillor training</b> on data protection and IT safety.</li> <li>4. <b>Reports and logs data breaches</b>, with a clear escalation route to the Clerk and ICO.</li> <li>5. <b>Reviews policies annually</b> and keeps version control notes for audit.</li> </ol>	✓
<b>P</b>	<p><b>Trust funds (including charitable) - the Council met its responsibilities as a trustee</b></p>	
	n/a	N/A

~End of report~

Gill Lungley, 01/05/2026

## **Appendix A**

**Internal Controls:** The following is a minimum expectation

### **Governance**

- ✓ Standing Orders and Financial Regulations are up to date and followed
- ✓ Minutes, agendas and decision-making procedures comply with legal requirements
- ✓ Register of Members' Interests is maintained and declarations recorded

### **Financial Management**

- ✓ Annual budget and precept were approved by full council
- ✓ Regular budget monitoring reports were received during the year
- ✓ All payments were properly authorised and supported by invoices
- ✓ Payment schedules were reported to council and minuted

### **Banking & Accounting**

- ✓ Bank reconciliations were completed regularly
- ✓ Reconciliations were independently checked/signed by a councillor
- ✓ Accounting records were kept up to date throughout the year
- ✓ VAT claims were checked and properly recorded

### **Payroll**

- ✓ Salaries were approved by council
- ✓ PAYE/NIC and pension duties were correctly administered
- ✓ Staff contracts and records are in place

### **Assets, Risk & Insurance**

- ✓ Asset register was reviewed and is up to date
- ✓ Insurance cover was reviewed and is adequate
- ✓ Annual risk assessment was completed and approved
- ✓ Appropriate inspections of council property/land were carried out

### **Transparency & Compliance**

- ✓ Publication requirements were met (including AGAR and payments lists)
- ✓ Public rights were properly advertised
- ✓ FOI requests and complaints procedures are in place

### **Internal Audit & Assurance**

- ✓ An independent internal auditor was appointed
- ✓ The internal audit report was considered by council
- ✓ Any recommendations have been addressed or action planned