

# **DKE AUDIT SERVICES**

## **INTERNAL AUDITOR**

Specialist provider to Parish & Town Councils

### **Shrewley Parish Council**

#### **Internal Auditors assessment for the completion of the AGAR Part 3 – Financial Year 2025-26**

##### **1. Introduction**

I have concluded the Council's annual independent internal audit. I am therefore able to complete the Annual Internal Audit Report (AIAR) 2025/26 which forms part of the Annual Governance and Accountability Return (AGAR).

My internal audit considers the evidence available to assess if the Council has effective systems and control arrangements in place for the areas examined. In examining these arrangements focus has been placed on compliance with a number of the Council's key governance 'rules', its management of risk, and its financial controls. Consideration is given to the size and scope of activities undertaken by the Council.

The internal audit is undertaken during the financial year in order to review and test the systems and controls operating during that year. The internal audit report details the findings at the time of the internal audit review. For the year-end financial statements, a cursory inspection is carried out to verify there are no significant financial management or control matters that may impact on the AIAR assessments made at the time of the internal audit review. The internal audit should inform, it is not designed to offer assurance over the completion of the AGAR sections 1 & 2, responsibility for the accuracy of these submissions' rests with the Council.

The internal audit is not designed to identify all weaknesses in the Parish Council's systems but, it is a sample examination of systems and of testing those systems and controls. Where weaknesses are identified during the internal audit process, which impact on governance and internal control, recommendations are made.

The responsibility for the prevention and detection of fraud, error and non-compliance with the law or regulations rests with the Council. The internal audit should not be relied upon to disclose all material mis-statements or frauds, errors, or instances of non-compliance, as may exist.

As the Council's appointed internal auditor, I confirm that I am independent of the Council.

##### **2. Summary**

In the section below I have recorded my AIAR responses and offered some comments by way of explanation for these. Members need to be mindful that this assessment is of systems and control during 2025/26 to the time of the audit review.

**During the internal audit review no significant system control issues have been identified that prevents a positive response to each of the areas covered by the AIAR. No system control recommendations have been made.**

### **3. Internal Audit Assessment**

The table below follows the format of the AIAR section of the AGAR, for each section questions have been raised in order to establish the systems and control arrangements. The responses, along with the supporting evidence provided, has allowed review, challenge, examination and assessment.

<b>AGAR (AIAR section) Internal Control Objective, Internal Audit assessment and related comments</b>	<b>Yes /No</b>
<b>A. Appropriate accounting records have been properly kept throughout the financial year.</b>	<b>Yes</b>
<p>The Council has put in place effective procedures to accurately and promptly record all financial transactions, it has maintained up to date accounting records throughout the year, together with all necessary supporting information.</p> <p>Invoices are recorded on the accounting software (Scribe) the payments are supported by purchase confirmation and delivery acknowledgements that are retained as hard copies with the invoices.</p> <p>The cashbook is up to date, the financial position and payments are reported to the Council, payments are approved, and all are recorded in the minutes.</p> <p>Regular bank reconciliations are carried out, presented to the Council, and are approved.</p> <p>The Council has an internal control/check process (accounting checks) whereby Members verify the operation of selected controls/financial information. An effective overall internal control environment operates.</p>	
<b>B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved VAT was appropriately accounted for.</b>	<b>Yes</b>
<p>At the Council meeting in May 2025 the key governance 'rules', Standing Orders and Financial Regulations were reviewed.</p> <p>Based on a sample examination of a number of payments selected from the cashbook confirmation was gained that payments have been made in accordance Financial Regulations; payments are supported by invoices or other source evidence.</p>	

AGAR (AIAR section) Internal Control Objective, Internal Audit assessment and related comments	Yes /No
<p>There are effective links and controls between the order of goods, works and services and the payment, with transaction being properly and promptly recorded in the cashbook. The payments have been properly approved and VAT has been appropriately accounted for. VAT reimbursement is periodically claimed.</p> <p>Effective management and control over the Council's bank accounts is present.</p>	
<p><b>C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</b></p>	<p><b>Yes</b></p>
<p>The Council has a risk register the includes the risk, the assessment and the control (reviewed November 2025). There is evidence to show the control / risk mitigation actions are in place and are effective.</p> <p>There is a range of appropriate policies in line with the size and operations of the Council, policies are periodically reviewed.</p> <p>The insurance policy covers the areas expected for a Parish Council and the assets have been insured in line with the assessed values.</p> <p>IT risks are managed.</p>	
<p><b>D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</b></p>	<p><b>Yes</b></p>
<p>The budget covers all of the Councils activities, income sources and expenditure, and these are included in all budget monitoring reports. The budget setting process for 2026-27 was discussed, this and supporting papers show an effective budget setting process operates. The budget identifies the funding need based on services and commitments. The precept has been set in accordance with the agreed and approved budget requirement.</p> <p>Payment reports presented at bi-monthly Council meetings. The budget position is reported and monitored.</p> <p>The Councils reserves are appropriate for the Council (based on its expenditure levels).</p>	
<p><b>E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.</b></p>	<p><b>Yes</b></p>

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The Council receives limited income beyond the precept; CIL funding has been received in the current year. Checks that all expected income is received occurs through the Clerks monitoring of the budget position. Assurance will be gained by Members through the budget monitoring process as referred to above. Income related VAT is properly accounted for.	
<b>F. Petty cash payments were properly supported by receipts; all petty cash expenditure was approved and VAT appropriately accounted for.</b>	<b>Not Covered (no cash payments)</b>
The Council does not operate a petty cash system or make payments in cash.	
<b>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.</b>	<b>Yes</b>
The salary payable to the Parish Clerk has been approved by Members, actual payments are in accordance with agreed terms and relevant employment related deductions are made. Employer liabilities have been paid.	
<b>H. Asset and investments registers were complete and accurate and properly maintained.</b>	<b>Yes</b>
The Council has a comprehensive and up-to-date asset register which was reviewed by Members in July 2025. Sample testing shows the Council's assets have been maintained throughout the year.	
<b>I. Periodic bank account reconciliations were properly carried out during the year.</b>	<b>Yes</b>
Evidence shows that statements reconciling each of the Council's bank accounts with its accounting records been undertaken and presented on a regular basis, these have been reviewed and agreed by Members.	
<b>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.</b>	<b>Yes</b>
The accounting statements have been prepared on the correct accounting basis (receipts and payments). The accounting process as reviewed is effective and appropriate; the accounting statements agree to the cash book and are supported by an adequate audit trail	

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<p>from underlying records. Members review payments each meeting and verify the bank reconciliation, there is adequate evidence to show that Members have effective financial control.</p> <p>Note – the assessments in this report are based on the control environment at the time of the internal audit visit. However, evidence that the key year-end financial statements (final bank reconciliation for the year, the budget to actual report, and the year-end accounts statement) have been prepared for Member review and approval has been requested and received. A cursory review of these financial statements, and of activity since the internal audit visit, has not identified any matters to change the initial assessments detailed in this report.</p>	
<p><b>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”).</b></p>	Yes
<p>The Council certified itself as exempt in 2024-25 and met the exemption criteria.</p>	
<p><b>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.</b></p>	Yes
<p>The Parish Council is a smaller Council and falls under the audit framework for parish councils with an annual turnover not exceeding £25,000, meaning the Council is exempt from routine external audit. In place of routine audit, such Councils are subject to the transparency requirements laid out in the Transparency Code, the aim being to enable local electors and ratepayers to access relevant information about the Councils accounts and governance.</p> <p>A review of the Council’s compliance with the Code shows;</p> <ul style="list-style-type: none"> <li>• All items of expenditure above £100 - Yes on the website, recorded in the minutes (the payments schedule)</li> <li>• End of year accounts - Yes on the website</li> <li>• Annual governance statement - Yes on the website</li> <li>• Internal audit report - Yes on the website</li> <li>• List of councillor or member responsibilities - Yes on the website</li> <li>• Location of public land and building assets – Yes on the website</li> </ul> <p>Minutes (draft), agendas and papers of formal meetings - Yes on the website</p>	

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<p>The Council publishes the information required by legislation, it has a Publication Scheme in which details the information available and how it can be accessed.</p> <p>At the time of the audit the expected financial information was available on the Councils website.</p>	
<p><b>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</b> (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).</p>	Yes
<p>Evidence confirms the Council correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.</p>	
<p><b>N. The authority has complied with the publication requirements for the 2024-25 AGAR</b> (see AGAR Page 1 Guidance Notes).</p>	Yes
<p>Smaller authorities must publish various documents on a publicly available website as required by the Accounts and Audit Regulations 2015, the Local Audit (Smaller Authorities) Regulations 2015 and the Transparency Code for Smaller Authorities. These include:</p> <ul style="list-style-type: none"> <li>• Certificate of Exemption, page 3 – Yes on the website</li> <li>• Annual Internal Audit Report 2024/25, page 4 – Yes on the website</li> <li>• Section 1 – Annual Governance Statement 2024/25, page 5 – Yes on the website</li> <li>• Section 2 – Accounting Statements 2024/25, page 6 – Yes on the website</li> <li>• Analysis of variances – Yes, on the website</li> <li>• Bank reconciliation – Yes, on the website</li> </ul> <p>Notice of the period for the exercise of public rights and other information required by Regulation 15 (2), Accounts and Audit Regulations 2015. - Yes, on the website</p>	
<p><b>O. The authority has complied with laws, regulations &amp; proper practices relating to digital and data compliance.</b></p>	Yes
<p>Assertion 10 has been added to the AGAR; this covers digital and data management and control. The records show the Council is aware of the AGAR Assertion 10 requirements.</p> <p>The Council has a generic email account (.gov.uk) which is hosted on an authority owned domain.</p>	

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<p>The Council publishes the documentation as specified in the Freedom of Information Act and the Transparency Code for Smaller Authorities, and follows the Data Protection Regulations (GDPR). The Council is aware it must process personal data with care and in line with the principles of data protection.</p> <p>Examples of the related policies and statements operating are, the; Accessibility Statement, Document Retention Policy, Social Media Policy (November 2025), Data Protection Policy and an IT Policy.</p>	
<p><b>P. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.</b></p>	<p><b>Not Applicable</b></p>
<p>The Council (as a body) does not have trust or charitable responsibilities.</p>	

**Other Area – to be covered as appropriate**

Internal Control areas and Internal Audit comments
<p><b>Review of the implementation of recommendations from the previous year’s Internal and External Audit Reports</b></p>
<p><b><u>From last internal audit report</u></b> There were no recommendations.</p> <p><b><u>From last external audit report</u></b> The Council is exempt.</p>
<p><b>Any other governance or financial control issues arising during the internal audit</b></p>
<p>None</p>

The draft version of this report was discussed and agreed by the Parish Clerk.

The internal auditor wishes to acknowledge the support and assistance provided by the Parish Clerk during the internal audit review.

*Duncan Edwards*

Internal Audit undertaken on 14 January 2026 (audit visit – control review and sample testing) and 13 April 2026 (further review of activity and draft year end related financial statements)

Duncan Edwards (2025/26 internal audits)