

**INTERNAL AUDIT REPORT
FOR
PEBworth PARISH COUNCIL

YEAR ENDED 31 MARCH 2026

INTERNAL AUDITOR: LYDIA COX**



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Basis of the Report

This internal audit report is based upon the Joint Panel on Accountability and Governance Practitioners' Guide.

The scope of this internal audit is focused on assessing the effectiveness of the Council's internal controls. Where any such controls are found to be deficient, the internal audit will help lead to improvements in these processes.

By applying the principles of internal auditing, outlined in the current Accounts and Audit Regulations, and applying the approach to internal audit and testing outlined in paragraph 1 above, every effort is made to ensure that all internal audits are conducted with due professional care, integrity, and independence. All conclusions derived from the audit are based upon objective and traceable evidence.

Appendix 1 schedule of items covered is based on the template issued by the Internal Audit Forum.

Introduction

The audit was undertaken during April and May 2026. A detailed schedule of the items covered is attached in Appendix 1.

Section A – Accounting Records

Pebworth Parish Council uses an Edge accounting software for recording financial transactions.

All receipts and payments have been properly accounted for. A random sample of transactions were cross referenced to the bank account, agenda and minutes and no issues were found.

Transaction level detail has been reviewed on the 'Expenditure Report' from Edge including budget classifications and no issues were found.

All necessary agendas and minutes were complete and approved.

Pebworth Parish Council has granted Section 137 expenditure within the financial year. The donations were properly discussed, agreed, and included in the minutes.

Section B - Financial Regulations

Pebworth Parish Council has Financial Regulations and Standing Orders in place that have been reviewed recently as noted in the minutes.

The bank mandate, standing orders and direct debits are reviewed on a regular basis. It is noted that payments are input by the Clerk/ RFO and are authorised by either the Chair or Vice-Chair, which in line with the Financial Regulations. The Parish Council is to be commended for instigating this process.

Section C – Risk Assessment

A Risk Management Policy is in place and includes specific Business Continuity plans that covers issues such as the Clerk/ RFO being unavailable.

The insurance policy has been properly reviewed by the Parish Council, and the insured values are deemed as appropriate.

It is noted that the policy includes Public Liability and Employee Liability insurance.

Section D – Precept

It is noted that the budget was formally adopted in the minutes and that the precept was approved by the council. Details of the budget have been provided on the website. The Clerk/ RFO prepares a regular finance report for Councillors which is good practice for monitoring expenditure.

Meetings are held to discuss the level of reserves held.

Section E – Income

The precept received was as per the budget request.

VAT returns have been submitted in an accurate and timely manner.

Pebworth Parish Council receives income from a Burial Ground. The fees associated with this are clearly available on their website and are properly recorded in the accounts.

Income transactions were available on request from the Clerk.

Section F – Petty Cash

Pebworth Parish Council keeps no petty cash, and this information will be forwarded to the External Auditor. Please see separate letter.

Section G – Employees

A review of the payroll process and procedures adopted shows that the process is well understood by the Clerk/ RFO, and all returns are submitted on time and in an accurate manner. Pebworth Parish Council use the HMRC Basic PAYE tool for submissions.

It was noted that the Clerk/RFO has a proper contract and that policies specifically covering employees have been adopted.

Section H – Fixed Assets

The Fixed Asset Register includes an assessment of risk of physical assets. This has been reviewed and is appropriate for the value of these assets.

The records show that assets are inspected annually by accredited bodies, with the outcome being actioned where required. Asset inspections are undertaken throughout the year which the Parish Council should be commended for.

Section I – Bank Reconciliation

The year end bank reconciliation agrees to the supporting bank statements and regular reviews are made by councillors of the information provided by the Clerk/ RFO.

Section J – Accounting Statements

The year end accounts for 2025_26 were checked and found to be arithmetically correct across all accounts to the figures shown on the AGAR.

A reminder that Staff costs should only include wages, NI and pension costs.

It was noted in the May 2025 minutes (Section 6a and 6b) that the AGAR Return, Annual Governance Statement and Annual Accounting Statement were approved and signed for the financial year 2024_5

Section K – Exemptions

The Council did not certify itself as exempt in 2024/25 and therefore had a limited assurance review of its AGAR.

All audit documents are available on the website

Section L – Website

The parish council website was reviewed and found to be easy to navigate and met statutory requirements.

There is a comprehensive schedule of policy and procedures on the website, and they are reviewed regularly. I would recommend that all policies and procedures are included in a separate menu rather than within 'Transparency' as it was not obvious where to find them.

Going forwards, the council should ensure that all expenditure items over £100 are listed on a separate document and put on the website, along with the internal audit report

Going forwards Pebworth Parish Council should include a list of councillor roles and responsibilities on their website which is best practice.

Section M - Period for the exercise of public rights

The notice of Period of Exercise of Public Rights is available on the council website for 2024_25

Section N – Publication Requirements

Pebworth Parish Council has included the external auditor's final report on their website, and all other requirements are complied with.

Section O – Digital and Data Compliance

Pebworth Parish Councillors and clerk have dedicated email addresses hosted on an authority owned domain. The Council website includes an Accessibility Statement and includes a comprehensive Information and Data Protection Policy that is reviewed annually.

Section P – Trust Fund

Not applicable

Conclusion

Thank you for inviting me to undertake the Internal Audit for Pebworth Parish Council.

Whilst reviewing the documentation and finances it is clear that the affairs of the Parish Council are in safe hands. The Clerk/ Responsible Finance Officer has implemented a high standard of internal controls and understands the requirements associated with the Parish Council. The minutes, in particular, are of a high standard and are easy to follow.

I would like to highlight that the new Assertion 10 is being fully adhered to, which should be commended.

Where I have made recommendations, these are not criticisms, rather it is for the Council to consider whether they are appropriate and should be implemented.

The section relating to Petty Cash (Item F) has been marked as not covered. This does not imply anything untoward, just that this is the response that the External Auditor requires.

Appendix 1 – Schedule of items covered in Internal Audit

Internal Control Objective	Testing required
A. Appropriate accounting records have been properly kept throughout the year.	A1. Verify that the accounting system in use is adequate. A2. The council's accounting records are accurate, up to date and well maintained. A3. Council Minutes for the year are complete and up to date and have been initialled and signed.
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for.	B1. Verify that the Council has in place a set of Financial Regulations and Standing Orders and that these have been subject to regular review. B2. Verify that, in the case of publicly advertised contracts with a value over £25,000, the Council has complied with the requirements of the Public Contracts Regulations. B3. Verify that both Standing Orders and Financial Regulations specify the same tender thresholds. B4. For all of the selected payments verify that the supporting invoices have been 'verified and certified' on receipt. B5. Verify that orders for goods and services for the selected sample have been made in accordance with the requirements of the Council's Financial Regulations. B7. Verify that the Council has in place effective controls on the making of payments. B8. Where debit / credit cards are in use, verify that these transactions have been made in accordance with the Council's Financial Regulations. B9. Verify that any limits on credit cards and debit cards are reasonable and not excessive and ensure there are appropriate controls over physical security and usage of the cards are in place.
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	C1. Verify that the council has formally minuted a review of risk during the financial year. C2. Verify that the council has in place a Risk Register. C3. Verify that the Council has reviewed the scope and value of its insurance cover. C4. Ensure that 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. C5. Ensure that appropriate arrangements are in place for the inspection of play areas, open spaces and sports pitches.
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	D1. Verify that the Council prepared and formally approved a budget for the year prior to the setting of the precept. D2. Verify that the Council, or nominated committee, has properly reviewed budgetary reports and that any significant variances have been subject to detailed query/review. D3. Verify that the Council has reviewed the level of its reserves and that the level is adequate and not excessive.
E. Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.	E1. Verify that the precept received during the year agrees to the precept raised by the Council. E2. Verify that any VAT due in respect of the preceding accounting year have been claimed and received during the year subject to internal audit. E3. Verify that the Council has in place a formal list of fees and charges and that this has been subject to regular review. E4. Verify that the Council has robust procedures to monitor and collect any outstanding debts. E5. Leases & tenancies: ensure that these are current and reviewed in accordance with the terms of the agreement. E6. Verify that the council has in place a process for the regular review of any fixed asset' investments and of its investment strategy. E7. Verify that the council has in place a process for the review of any interest income on its bank balance and bonds.
F. Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for	F1. Verify that the council has in place a formal system for the accounting for detailed petty cash expenditure F2. Verify that any petty cash balance held is subject to regular verification and reconciliation to the cash book and that this is subject to independent review.
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.	G1. Ensure that the Council is properly registered with HMRC as an Employer. G2. Ensure that, for all staff, a formal employment contract is in place together with a confirmatory letter setting out any changes to the contract. G3. Verify that gross pay due is correctly calculated in accordance with contract terms and conditions. G4. Verify that the Council has in place formal, up to date, payroll software, or is using a suitable payroll provider. G5. Ensure that the correct PAYE treatment has been applied to all remuneration paid. G6. Verify that the Council has not claimed the National Insurance Employers Allowance. G7. Verify that the council has submitted RTI returns to HMRC and made payments due as required. G8. Verify that the Council has submitted returns and made payments due for any pension contributions.
H. Asset and investment registers were complete and accurate and properly maintained.	H1. Verify the Council is maintaining a formal asset register and this has been updated with any additions or disposals during the year. H2. Verify that the basis of valuation of assets is in accordance with the requirements of the Practitioner's Guide (normally at cost value). H3. Verify that all disposals of assets have been subject to formal and approval by Council. H4. Verify that additions and disposals on the asset register during the year agree to the difference between the asset value stated on the current and prior year Accounting Statements. H5. Verify that the Council has in place a process for the regular physical verification of its assets. Physically verifying the existence and condition of high value, high risk assets by the Internal Auditor may be appropriate. H6. Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured. H7. Ensure that all long-term investments (i.e., those for more than 12 month term) are covered by the "Investment Strategy" and reported, at cost, in the Accounting Statement line 9. H8. Verify that the Asset Register records the value of any outstanding loans made by the Council and that these loans are appropriately documented.

I. Periodic bank account reconciliations were properly carried out during the year.	I1. Verify that bank reconciliations are prepared regularly, for all Council bank accounts. I2. Verify that bank reconciliations are subject to independent review by members and that they are signed and dated as evidence of this review. I3. Verify that the bank statements are periodically independently verified to the balances stated in bank reconciliations. I4. Verify the accuracy of the year-end bank reconciliation and agree it to supporting bank statements. I5. Review and clarify the nature of any uncleared transactions. I6. Verify that the Council has in place robust procedures for the physical verification of any cash floats or deposits held and that any balances held as at the 31st March have been subject to independent review and confirmation.
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	J1. Review the computations for the Accounting Statements prepared by the RFO to verify that they are accurate and agree to the Councils cashbook. J2. Verify that Line 2 agrees to the value of precept raised and received J3. Verify that the total of Lines 2 and 3 agree to the total value of receipts recorded in the cashbook. J4. Verify that the value stated in Line 4 includes only "gross salary of employees, employer's national insurance contributions, employers pension contributions, gratuities for employees or former employees and severance or termination payments to employees." as set out in the Practitioner's Guide. J5. Verify that the total of Lines 4, 5 and 6 agree to the total value of payments in the cashbook. J6. Verify that the value stated in Line 8 agrees to the year end bank reconciliation and supporting bank statements. J7. Verify that the value stated in Line 9 agrees to the total value of the asset register. J8. Verify that the balance stated in Line 10 agrees to the value stated in the year end PwLB/DMO audit confirmation
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	K1. Verify that the Council meets the criteria as set out in Form 2 of the Annual Governance and Accountability Return. This currently requires that income and expenditure do not exceed £25,000. K2. Verify that the Council properly recorded its approval of the Certificate of Exemption in a properly convened meeting of the Council (as recorded in the Minutes of the meeting). K3. Verify that the Exemption Certificate was prepared and approved in accordance with the statutory submission deadline of 30th June. K4. That it has been published, together with all required information, on the Authority's website and noticeboard.
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 any relevant transparency code requirements	The requirement here is for Councils with income or expenditure below £25,000 to publish information as set out in The Transparency Code for Smaller Authorities L1. Verify that the Council has published, for the prior financial year, all the information as required by the Transparency Code as set out in Annex A of the code. • All items of expenditure above £100 • End of year accounts • Annual governance statement • Internal audit report • List of councillor or member responsibilities • Location of public land and building assets • Minutes, agendas and papers of formal meetings
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.	M1. Verify that the Council published, including on its website, the Notice for the Period for the Exercise of Public Rights M2. Verify that the 'Announcement Date' was a date after the Council approved the Annual Governance Statement and Accounting Statement. M3. Verify that the 'Announcement Date' was the working day prior to the Commencement Date (they cannot be the same date) M4. Verify that the period set was for exactly 30 working days. M5. Verify that the period set included the first 10 working days in July M6. The Internal Auditor should also review whether the Council confirmed in Minutes the dates set
N. The authority complied with the publication requirements for the prior year AGAR.	N1. Verify that the Council published the Annual Governance Statement on its website N2. Verify that the Council published the Accounting Statements on its website N3. Verify that the Council published the External Auditor report on its website N4. Verify that the Council published the Notice of Conclusion of Audit on its website.
O. The authority has complied with laws, regulations & proper practices relating to digital and data compliance.	O1. Council must have a generic email account hosted on an authority owned domain O2. Council must meet legal requirements for all existing websites regardless of what domain is being used O3. Website must meet Accessibility guidelines O4. Website must include published documentation as specified in the Freedom of Information Act 2000 and the Transparency code for smaller authorities O5. General Data Protection Regulation (GDPR) and Data Protection Act must be followed O6. Council must process personal data with care and in line with the principles of data protection O7. There should be an IT policy in place
P. Trust funds (including charitable) - the Council met its responsibilities as a trustee	P1. Verify that the Council has properly registered any Charity, for which it is Sole Trustee with the Charities Commission. P2. That the Council has properly recorded the Council, as a body, as the Trustee, and not individual Councillors P3. That the Council has submitted the required returns to the Charities Commission P4. That funds, and income and expenditure of the charity, are not held in, or transacted through, bank accounts of the Council. P5. Verify that assets of the Charity are not recorded as assets of the Council P6. Verify that meetings of the Trustee are held separately from meetings of the Council.

