Annual Internal Audit Report 2025/26

Little Witley Parish Council

https://littlewitley.org.uk/

During the financial year ended 31 March 2026, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2025/26 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Cash payments were properly supported by receipts, all cash expenditure was approved and VAT appropriately accounted for.			✓
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.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
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.	✓		
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")*	✓		
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.	✓		
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 *(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).*	✓		
N. The authority has complied with the publication requirements for 2024/25 AGAR *(see AGAR Page 1 Guidance Notes).*	✓		
O. The authority has complied with laws, regulations & proper practices relating to digital and data compliance.	✓		
P. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable ✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed). Date(s) internal audit undertaken

13/05/2026

Name of person who carried out the internal audit

G LUNGLEY

Signature of person who carried out the internal audit G Lungley Date 13/05/2026

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report **must explain why not (add separate sheets if needed).

Gill Lungley, BA(Hons), FSLCC
Grange Cottage, Birmingham Road, Birmingham B48 7AJ
Tel: 07958 450482 / Email: gmlungley@gmail.com

Little Witley Parish Council

Annual Internal Audit Report 2025/26

Having been appointed your internal auditor at the parish council meeting held 24th November 2025, 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 may 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 for her assistance in preparation of this report.

G Lungley

Gill Lungley
Internal Auditor
13/05/2026

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, Little Witley 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. Boxes 7 and 8, 2025 = £21,677.09 is the opening balance for all bank reconciliations during the year.	✓

	(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. All transactions are explained; there is a clear audit trail between invoice, accounts spreadsheet and bank statement. Not all payments out are recorded in the minutes. The Council recognises it has a significant sum in unallocated reserves as well as the general reserve.	✓
	(3) Bank Reconciliations Are bank reconciliations prepared routinely and subject to independent scrutiny and sign-off by members? **Comment:** Bank reconciliations are prepared quarterly and reported to meetings on a quarterly basis. The bank balances are reported to each council meeting along with payments for approval. **Recommendation:** it would be more open and transparent to record the bank reconciliation in the minutes, along with budget update.	✓
	(4) Year-end bank reconciliation and accuracy of the combined cash and bank balances on AGAR s2, line 8. The bank statements to 31/03/2026 total £22,538.35, which matches the bank reconciliation based on the receipts and payments cashbooks and with the information provided in the regular financial reports. AGAR s2, line 8 has been rounded up to show balance of £22,538.	✓
	(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 SOs and FRs which should be based on the latest version. **Comment:** No large purchases during the year requiring formal tenders. It is noted the council has adopted updated Standing Orders and Financial Regulations.	✓
	2. Review the procedures for receipt of invoices, agreement of invoice detail and confirmation of goods / services delivery and approval for payment. It is noted the Clerk checks the validity of each invoice before putting before the Council which is generally aware of what to expect. Invoices where VAT is charged, contain the VAT reference numbers.	✓
	3. Check there is effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments. **Comment:** Online payment arrangements rely on one person preparing payments and authorising them. Whilst this is now lawful, it is not good practice and places a burden on that one person should anything go wrong. There are online systems which encourage division of duties such that one person prepares the payments and two other signatories authorise them.	x

	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 Online claims are submitted to HMRC on an as-and-when basis. It is noted that a claim submitted before 31/03/2026 had not been received before the end of the financial year, and has been chased.	✓
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 The parish council has a comprehensive risk register that is published on its website. The council approved it at the annual parish council meeting held 12/05/2025, minute no. 7.	✓
	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. The parish council has annual insurance cover via Zurich which includes the required minimum of employer liability and public liability.	✓
	3. Review the effectiveness of internal control carried out by the authority Throughout the year the minutes record the council's wish to prepare a Scheme of Delegation, which has not yet been adopted. This process will bring to the fore various internal controls required within the council.	✓
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 A budget for 2026/27 was presented to the meeting held 12/01/2026 from which the parish council agreed the precept amount of £5,788.	✓
	2. Ensure the Authority has considered the establishment of specific earmarked reserves and, ideally, reviews them annually as part of the budget assessment process It has been noted in the Explanation of High Reserves that the council has built up reserves due to changes of clerk over several years where clerking was done by councillors and no expense attributed to clerk. Reserves are now being gradually used on community projects. **Comment-** It is usual for a general reserve to be between 3 months and 12 months of the council's precept, and at £9,275 at Little Witley it would therefore appear to be excessive. However Proper Practices guidance states at para 5.35 "The smaller the authority, the closer the figure may be to 12 months expenditure" Cont..	✓

	At para 5.36 "In all of this it is important that each authority adopt, as a general reserve policy, the level appropriate to their size, situation, risks and plan their budget so as to ensure that the adopted level is maintained. Consideration of the minimum level of reserves requires not only consideration of level of income and expenditure but also the risks to that income." Funds over and above the general reserve should be allocated to separate earmarked reserves for identified projects. In this way the electorate can be reassured the parish council has plans for spending their money.	
	3. Ensure the precept received in the accounts matches the prior year submission form to the relevant authority and the public record of precepted amounts Precept amounting to £5,513 on the public record has been received from Malvern Hills DC during 2025/26 financial year and accounted for.	✓
E	**Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.**	
	Little Witley PC receives income via the precept, paid in two halves during the relevant financial year and expected funds from the WCC Lengthsman scheme and bank interest. An annual VAT reclaim is expected.	✓
F	**Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for**	
	Not used.	
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.**	
	Salary is calculated using the HMRC Basic Tools software which produces the monthly payslip. This should be verified by at least one councillor every year regarding the appropriate PAYE and NI payments to HMRC. There is evidence of monthly payment to HMRC. Access to the council's government gateway account is confirmed monthly to ensure the correct HMRC records are being maintained.	✓
H	**Asset and investment registers were complete and accurate and properly maintained.**	
	1. Tangible Fixed Assets: 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. The parish council is responsible for assets which are recorded in the asset register available on the website. **Comment:** Guidance on what to record in the asset register, to comply with best practice, is outlined in the Practitioners Guide- Para 5.58: "*The asset register should contain in its most simple form the date of acquisition, cost of acquisition, useful life estimate and location along with value held for investments; however, it is desirable for the register to contain other such supplementary information to enable the user to better understand the nature and scope of the use of the fixed asset. It is therefore recommended to show insurance value, replacement value, custodian, date last physically vouched.*"	x

	Borrowing and Lending:	n/a
I	**Bank account reconciliations.**	
	Periodic bank account reconciliations were properly carried out during the year (see objective A above).	✓
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.**	
	As it has a turnover of less than £200,000 Little Witley PC has chosen to prepare its accounts on receipts and payments basis.	✓
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.**	
	IAs should ensure that, all relevant criteria are met (receipts and payments each totalled less than £25,000)'...	✓
	the correct exemption certificate was prepared and minuted on 12/05/2025 in accordance with the statutory submission deadline...	✓
	... and it was published, together with all required information on the Authority's website and noticeboard within the correct timeframe.	✓
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**	
	IAs should review the Authority's website ensuring that all required documentation is published in accordance with the relevant legislation. The council is expected to comply with the following legislation- a. the **Freedom of Information Act**. The parish council's publication scheme is available on the website. b. the **Localism Act 2011** requires the online publication of each council member's Register of Interests; this can be either on the parish council's own website or via a link to the district council's website. The link to the MHDC website is broken; one of the forms is missing from the MHDC website. The parish council's website only has two members' forms available. c. The **Accounts and Audit Regulations 2015** require publication of the Annual Accounts and AGAR along with the annual internal audit report. d. The **Transparency Code for Smaller Authorities 2014** which requires online publication, in addition to the requirements of the Accounts and Audit Regs, of- - All items of expenditure above £100 ✓ - List of councillor or member responsibilities ✓ - Location of public land and building assets. n/a - Minutes, agendas and papers of formal meetings. ✓ e. **WCAG 2.2 AA website standards** are expected, to ensure the website is secure, uses HTTPS protocol and includes an accessibility statement.	✓
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.**	

	1. **IAs should acquire / examine a copy of the required "Public Notice" ensuring that it clearly identifies the statutory 30 working day period when the Authority's records are available for public inspection.** The public notice which clearly identifies the statutory 30 working day period, was published on 13/05/2025 and is available on the parish council's website.	✓
	2. **IAs may also check whether councils have minuted the relevant dates at the same time as approving the AGAR.** The minutes of the meeting held 12/05/2025, at 9a(vi) record appropriate dates for the exercise of public rights.	✓
N	**The authority complied with the publication requirements for the prior year AGAR.**	
	IAs should ensure that 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.	✓
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. x • Website Accessibility Statement. ✓ It is also expected to act as follows- 1. **Uses official council email accounts** and secure systems (not personal or free mail services). Most council members and the Clerk have a council-specific email address which helps to keep council business separate from personal emails. However, the use of Gmail, as a free service, is less secure than a gov.uk / co.uk email address. 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.	Work in progress
P	**Trust funds (including charitable) - the Council met its responsibilities as a trustee**	
	n/a	

~End of report~
Gill Lungley, 13/05/2026
Internal Auditor

Additional documents-

1. AGAR Form 2, page 4 of 6, signed Annual Internal Audit Report (AIAR) 2025/26