INTERNAL AUDIT REPORT
STAPELEY AND DISTRICT PARISH COUNCIL
2025/26

The internal audit of Stapeley and District Parish Council was carried out by undertaking the following tests in the AGAR Annual Return for Local Councils in England:

- Checking that books of account have been properly kept throughout the year
- Checking a sample of payments to ensure that the Council's financial regulations have been met, payments are supported by invoices, expenditure is approved, and VAT is correctly accounted for
- Reviewing the Council's risk assessment and ensuring that adequate arrangements are in place to manage all identified risks
- Verifying that the annual precept request is the result of a proper budgetary process; that budget progress has been regularly monitored and that the council's reserves are appropriate
- Checking income records to ensure that the correct price has been charged, income has been received, recorded and promptly banked and VAT is correctly accounted for
- Reviewing petty cash records to ensure payments are supported by receipts, expenditure is approved and VAT is correctly accounted for
- Checking that salaries to employees have been paid in accordance with Council approvals and that PAYE and NI requirements have been properly applied
- Checking the accuracy of the asset and investments registers
- Testing the accuracy and timeliness of periodic and year-end bank account reconciliation(s)
- Review of year-end financial statements
- The authority has complied with the publication requirements for the prior year AGAR.
- The authority correctly provided for a period for the exercise of public rights for the prior year AGAR
- The authority published required information on a website up to date at the time of the internal audit in accordance with relevant legislation.
- Review of Assertion 10 (Annual Governance Statement) requirements.

Conclusion
On the basis of the internal audit work carried out, which was limited to the tests indicated above, in our view the council's system of internal controls is in place, adequate for the purpose intended and effective subject to the recommendations reported in the action plan overleaf.. As part of the internal audit work for the next financial year we will follow up all recommendations included in the action plan.

JDH Business Services Limited

	ISSUE	RECOMMENDATION	FOLLOW UP
2025/26 internal audit			
1	The council has established *.gov* email addresses for all officers and councillors. However, we understand there is an ongoing issue with some councillors still either using personal email addresses to send emails for council-related business and examples of councillors communicating council-related business from their gov.uk email addresses to other councillors personal email addresses. Assertion 10 in the Annual Governance Statement requires that for email management, councils must use generic, council-owned domain email accounts (e.g. gov.uk or .org.uk) for council business, rather than personal email addresses or free services such as Gmail or Outlook.	*The council must comply with the Assertion 10 requirements for email management via generic, council-owned domain email accounts for officers and councillors.*	
2	The fidelity insurance cover is currently £150k. Fidelity insurance should cover the maximum projected balances which is calculated as the year end cash and bank	*As part of risk assessment procedures, the council should annually estimate maximum projected cash and bank and short term investment balances and set the level of*	

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	and investment balances plus the next precept instalment (50% of the annual precept is received in April of each year) which is £203,233 using the precept set for 20206/27. Model Financial Regulations usually require the following: *All appropriate members and employees of the council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined annually by the Finance & Asset Management Committee.*	*fidelity insurance accordingly as required by Financial Regulations.* *The council need to review the current level of fidelity insurance as it does not cover maximum projected cash and bank balances.*	
3	The council has incorrectly completed box 11 on the draft AGAR accounts page. The response to this box for 2025/26 should be 'YES' if the council is not a sole trustee. The response should only be 'NO' if the council is a sole trustee and it has, for instance, erroneously included trust transactions with the council accounts.	*The draft AGAR should be amended as noted.*	
4	A quotation rather than a VAT invoice provided for the following payment in our sample:	*The council should ensure a VAT invoice is secured for this supply to enable the VAT to be reclaimed.*	

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	• Tn 79, Building Maintenance, 26/09/2025, Community Hall Curtains, Clough's of Nantwich, £1,472.00		
2024/25 internal audit			
1	Recurring Issue: Fixed assets were disclosed as £38,789 in 2022/23 and £34,043 in 2023/24. However, no reconciliation of the change in the asset register between financial years has been provided. For instance, six benches have been removed from the register but with no reasons provided. We note that the council has included 2024/25 capital additions to the asset register including the laptop and noticeboard.	*The council should review the fixed asset register by comparing it with the 2022/23 version to ensure all assets are recorded at an appropriate value.*	25/26 follow up - Implemented the fixed asset register has been brought up to date by the clerk
2	Council general reserves at the year end were £66,923 as there were no earmarked reserves and so were significantly in excess of 100% of the precept level. We	*The council should continue to review the level of general reserves during the budget setting process with reference to sector guidance.*	Implemented - general reserves are budgeted to reduce significantly from 2026/27 onwards.

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	note that substantial financing of the 2025/26 expenditure from reserves has been budgeted to reduced the general reserves. Sector guidance is that councils should aim for a general reserve level of between 25% and 100% of the precept or net operating expenditure. The Practitioners Guide also notes this recommended level of reserves.		
3	The council website is not currently meeting the requirements of the Audit Regulations Section 13 (2) (b) which requires 5 years of AGAR accounts published on the website.	*The website should include five years of published accounts.*	Feedback from the clerk indicates this is only possible from 2022/23 as historical records relating to previous AGARs have not been identified.
4	No invoice had been issued for one of our income sample from the early part of 2024/25 when there was no clerk in place and SCRIBE bookings system was not being utilised.	*Sequential invoices should be issued for all hall hire income. (NB We note this has been implemented for the period in 2024/25 after the clerk had been appointed)*	Implemented
5	Two instances had been identified by the clerk where payments for supplies and	*Council should ensure where agreed supplies and services have been received,*	Implemented

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	services had not been made, including gas for the hall. The bills have now been settled.	*then supplier payments should be made within the agreed settlement period.*	
2023/24 internal audit			
1	A full set of minutes for 2023/24 was not available and published. Due to the absence of a clerk for a significant period of the financial year, minutes were taken by members and a sequential numbered format was not retained consistently.	*A complete record of the minutes evidencing the meetings of the council must be maintained and published.*	Implemented for 2024/25, however, a full set of 2023/24 minutes is not available.
2	Sample testing of expenditure identified that a significant number of vouchers had not been retained for expenditure, including officer expenses claims. In addition, we could not identify that a number of payment sample items were approved in the minutes.	*Invoices must be secured and retained for all expenditure. Any identified missing invoices should be sourced to ensure there is a complete record of source documentation for expenditure and that VAT can be reclaimed.*	Implemented
3	VAT was not reclaimed or received during the financial year. There are strict 4 year time limits for the reclaim of VAT and the council is facing the loss of VAT due by not reclaiming on a timely basis.	*VAT reclaims must be submitted on a timely basis and at least annually. The council must submit a VAT reclaim for all outstanding VAT as soon as possible.*	Implemented for 2024/25 VAT, however, VAT 126 reclaims for the prior period have not yet been submitted to HMRC.

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4	Although December 2023 minutes refer to the new cleaning contract there is no resolution to appoint the new contractor and it is not clear that three quotations were sought and reviewed as required by the Financial Regulations.	*Contracts should be procured in accordance with the Financial Regulations.*	No further procurement issues identified in 2024/25
5	Payroll issues: No documentation was provided to support our payroll samples for HMRC dated 13/4/23 £891.93 and the £938.66 salary dated 28/9/23. In addition, these payroll sample items could not be agreed to minutes. We were unable to reconcile HMRC payments paid in the year to underlying documentation and the clerk net salary payments did not equate to the payslip provided for the month ended August 2023.	*The council should ensure the correct amount of payroll deductions are remitted to HMRC for the 2023/24 financial year and that payroll is completely and accurately stated for the financial year.* *Supporting documentation must be retained for all payroll payments which should all be approved in the council minutes.*	Implemented and payroll is now processed by a payroll agent.
6	Three of our sample receipts had no sales invoice and, as the SCRIBE bookings system was not utilised, there was no evidence an exercise had been carried out to match receipts from hall hire with booking and invoices issued. Therefore,	*The council should ensure that sequential invoices are issued for all hires.* *The Council should match receipts, bookings and invoices issued and every quarter identify the unpaid invoices to*	Implemented since appointment of clerk in 2024/25 and use of SCRIBE bookings system, however, one of our 2024/25 sample items before this period was not supported by an invoice.

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	there was no control in place to ensure all hall hire income had been completely and accurately invoiced, received and recorded in the council ledger.	*follow up with customers. Invoice numbers must be recorded against receipts in the SCRIBE ledger.*	
7	No detailed budget information was provided to support the 2024/25 Precept approval by council in January 2024. Due to the absence of detailed budgetary information, we could not identify that the budget set for the 2024/25 financial year took account of 'an amount that the council estimates will be appropriate to meet future estimated expenditure' (ie to hold in reserves). This is a requirement of sections 32 and 43 of the Local Government Finance Act 1992.	*A detailed annual budget should be established to support the precept decision by council and the budget should take account of brought forward and carried forward reserves.*	*Implemented*
8	General reserves have increased over the prior year to £83,219 as no earmarked reserves for the hall have been disclosed. This level of reserves represents 276% of the precept level. Sector guidance is that councils should aim for a general reserve level of between 25% and 100% of the precept or net operating expenditure. The Practitioners Guide also notes this	*The council must review the level of general reserves during the budget setting process with reference to sector guidance, and set aside any sums required to be earmarked reserves.*	25/26 follow up - Implemented - general reserves are budgeted to reduce significantly from 2026/27 onwards.

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	recommended level of reserves.		
9	Financial Regulations require budgetary control statements to be prepared and presented to council at least at the end of each financial quarter including explanations of material variances for council to review. The council minutes do not evidence that these budgetary control requirements were complied with.	*The council must comply with the budgetary control requirements of the Financial Regulations.*	Implemented
10	No regular, complete and accurate bank reconciliations were produced and reported to council during the financial year as the council were without a clerk for a significant period.	*Complete and accurate bank reconciliations must be completed and presented to council on a timely basis throughout the financial year.*	Implemented
11	Fixed assets were disclosed as £38,789 in 2022/23 and £34,043 in 2023/24. However, no reconciliation of the change in the asset register between financial years has been provided. For instance, six benches have been removed from the register but with no reasons provided.	*The council should review the fixed asset register by comparing with the 2022/23 version to ensure all assets are recorded at an appropriate value.*	25/26 follow up - Implemented the fixed asset register has been brought up to date by the clerk
12	The council did not comply with Regulation 15 of the Accounts and Audit	*The council must comply with the requirements of the Accounts and Audit*	Implemented

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	Regulations 2015 as it failed to make proper provision for the exercise of public rights for the 2022/23 accounts. The public notice did not cover the first 10 working days of July 2023.	*Regulations 2015 with respect to the notice for the exercise of public rights.*	
13	Publication Requirements: The Notice of Conclusion of Audit and Audit Certificate were not published by the deadline of September 30th 2023. We also could not identified that the documents required to be published for 2022/23 by July 1st were published on the council website. Therefore, we have concluded in the AGAR internal audit certificate that the council did not comply with the publication requirements of the Accounts and Audit Regulations 2015.	*The council must comply with the publication requirements of the Accounts and Audit Regulations 2015.*	Implemented
14	The current use of private email addresses by councillors creates data protection risks as follows: 1.) The clerk will be unable to apply the limits set in the retention policy to private emails and any attachments in the emails. Therefore, the council	*Members should use town council email addresses for town council business.* *When a member ceases to be a member, the limits set in the retention policy must be applied to the email history of the*	2025/26 follow up – see issue 1.) in 25/26 report above 2024/25 follow up - Partially implemented as although an email communications policy was adopted in September 2024 and

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	will be unable to comply with retention policies and may be keeping personal data longer than necessary which would not accord with one of the DPA 2018 principles. 2.) If a Subject Access Request (or FOI request) is received, the clerk will be unable to access and secure relevant information from the private email accounts to ensure all required data for the council response is completely and accurately captured. 3.) The risk of a data breach is increased as the council security envelope does not extend to private councillor email accounts. If there is a personal data breach via a private email account, the council will be unable to demonstrate to the ICO in the data breach report that the council adequately secured and controlled the personal data held in a private email account.	*councillor.*	all councilors were requested to use the council domain emails, we are informed councillors can occasionally use work email addresses to email third parties regarding council business and personal email addresses are also sometimes used for the same purpose.