

Etaerio Ltd

Annual Internal Audit Report

for

Flamstead Parish Council

**for the financial year ended
31 March 2026**

'Legacy Programme'

Auditor: Philip Rhoden
Internal Audit Date: 29/05/2026 & off-site
Report Date: 07/06/2025
Financial Year: 2025/26

Schedule of Recommendations

Client: Flamstead Parish Council

Y/E: 31 March 2026

Recommendations generally reflect proper practices from the 'SAPPP Practitioners' Guide' for smaller authorities & external auditor-issued guidance over the years.

Please note the context for these recommendation being a change of clerk in the year, & high-profile local issues.

	Control	Recommendation(s)
1	Proper bookkeeping.	None.
2	Standing Orders and Financial Regulations adopted and applied; and payments controls.	<p>Ongoing from last year, I understand that there are issues making it not possible to log into the BT account for the Pavilion wifi to download invoices (payments are being made by direct debit). I recommend that efforts to resolve this with BT be continued.</p> <p>I recommend that purchase invoice numbers be consistently input, e.g. included within the 'Transaction Detail' field.</p> <p>I understand that the clerk has identified that the 2024/25 VAT reclaim has not been submitted and will follow this up in due course.</p> <p>I understand that the HSBC Charitable Bank Account may offer 'dual control', allowing one person to create an online payment and another to authorise it online. I also understand that the council may be considering an alternative bank which may offer two rather than just one authoriser, which would better match financial regulations. The process should include provision for the authoriser(s) to see the invoices for which online payment is being approved. In the absence of online banking payment authorisation, a weaker alternative control would be for a number of members to be given read-only access to have independent access to be able to view the bank account online. Also, if there is no online authorisation step, this can mean that there is no authorisation control before a payment is made. I recommend that these matters be considered by the council and the Financial Regulations be updated if an as needed to reflect the processes adopted.</p> <p>NALC updated its Model Standing Orders in March 2025. I recommend that the council's Standing Orders be updated to reflect the latest NALC model (e.g. to reflect that the Public Contracts Regulations 2015 (which replaced the Public Contracts Regulations 2006) have been revoked).</p> <p>Within the internal audit sample tested, payments dated 18Mar26 re Castle Water, 11Feb26 re English Salvage, & 15Dec25 re Arthur J Gallaher Insurance, recorded a VAT amount to be reclaimed greater than the amount of VAT shown on the invoice. This may be due to the accounting system automatically calculating a VAT figure in the first instance. I recommend that these be corrected and going forward that the VAT recorded on the system be consistently checked on input against the supporting VAT invoice or VAT receipt.</p> <p>The internal audit identified two payments (Community Heartbeat Trust - 12/19May25; Mailchimp 2/7Jul25) which were reversed and re-input to the accounting system either due to the wrong date or wrong amount being input. Looking at the three cashbook entries for each transaction, potential overclaims of VAT may arise. I recommend that these be checked to their VAT invoices, and the amounts to be reclaimed adjusted as needed. I also recommend that it be determined whether the accounting system has any functionality to assist with reversing entries to help ensure the VAT entries are correct.</p>
3	Risk management arrangements.	<p>I understand that the council will review its risk assessment (risk register) at its June 2026 meeting. I recommend that going forward, the council schedules its annual risk assessment review for a convenient and reasonably consistent time of the year, and formally records the review in the minutes.</p> <p>I understand that the council will complete its annual review of the effectiveness of its system of internal control at its June 2026 meeting. I recommend that going forward, the council schedules its annual review of the effectiveness of its system of internal control for a convenient and reasonably consistent time of the year, and formally records the review in the minutes. In addition, it is good practice to also carry out and separately minute an annual review of the effectiveness of the council's overall internal audit arrangements - this can form a natural part of the review of the effectiveness of the system of internal control.</p> <p>It appears that the receipt of the external auditor's report in relation to the 2024/25 'AGAR' was not included in minutes. In addition it is best practice for the council to consider any matters included in reports from external (or internal) auditors, and decide what action it needs to take to prevent recurrence of the issues raised. The consideration and decisions should be included in formal minutes.</p> <p>Ongoing from last year, I recommend that the council seeks advice from HAPTC in relation to minute ref 4/2024/10.</p>

Schedule of Recommendations

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Recommendations generally reflect proper practices from the 'SAPPP Practitioners' Guide' for smaller authorities & external auditor-issued guidance over the years.

Please note the context for these recommendation being a change of clerk in the year, & high-profile local issues.		
	Control	Recommendation(s)
4	Budgetary controls.	None.
5	Income controls.	<p>The internal audit identified that Box 2 of Section 2 of the Annual Return generated by the accounting system (which should represent solely the precept) incorrectly included concurrent and warden grants. This has been corrected for the AGAR.</p> <p>I recommend that sales invoice numbers be consistently included when posting entries to the accounting system, e.g. in the receipt reference or transaction detail fields.</p> <p>The internal audit identified a transfer between council bank accounts posted to the accounting system in such a way as to incorrectly increase both receipts & payments in the annual return numbers. This has been corrected for the AGAR. I recommend that the appropriate method to post these transfers be confirmed and used consistently going forward.</p> <p>The internal audit identified various receipts posted to expense codes in the accounting system, incorrectly reducing both receipts & payments in the annual return numbers. This has been corrected for the AGAR.</p> <p>The internal audit identified a mis-posting to the accounting system of the reversal of an expense entry that had been input with the wrong amount. One side of the reversal entry was posted to an income code & the other side to the correct expense code on the accounting system. This resulted in overstating receipts & payments in the annual return numbers. This has been corrected for the AGAR. I recommend that it be determined whether the accounting system has any functionality to assist with reversing entries.</p> <p>The internal audit identified that an expense account code within the accounting system had been assigned to income, reducing both receipts & payments in the annual return numbers. This has been corrected for the AGAR.</p>
6	Cash procedures.	Not applicable.
7	Payroll controls.	<p>I understand that a contract of employment using the latest NALC template is work in progress for the current clerk. I recommend that this process be completed.</p> <p>I understand that matters such as LGPS membership are currently work in progress in relation to the current clerk. I recommend that this be progressed, and as part of this to check the February 2026 payroll which has a small variation in amount paid compared to other months.</p> <p>Ongoing from last year, I recommend that the council seeks confirmatory advice in relation to minute refs 5/2024/20; 6/2024/15; (including re the relevant tax treatment) from HAPTC in the first instance.</p> <p>Ongoing from last year, I recommend that the payroll entries for month 12 2023/24 (paid at the beginning of April) be checked, as there appears to be a small difference between the payroll schedule and the cash book.</p>
8	Assets controls.	<p>The "Insure in Category:" column in the asset register appears to indicate that the telephone box purchased in the period is not included in the council's insurance policy. This being the case I recommend that the risk register be updated to reflect the council 'self-insuring' this asset.</p> <p>I recommend that it is good practice for the method of asset valuation adopted (policy) for the valuation of assets included in the AGAR to be formally recorded in the council's minutes and in the asset register.</p> <p>Although not mandatory, the Practitioners' Guide recommends that the asset register includes useful life estimates.</p> <p>Noting that the instance identified has been updated in the asset register, I recommend that it is usual practice to include delivery (and installation) costs in purchase cost of an asset.</p> <p>The internal audit identified two asset purchases that were not included in the asset register. These were updated for the purposes of the AGAR.</p>
9	Bank reconciliation.	None.
10	Year-end procedures.	None.

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	Control	Recommendation(s)
11	Exempt authority	Not applicable.
12	Website information	<p>It is a requirement of the Freedom of Information Act that public bodies publish certain information on their website. I recommend that the council publishes a 'Guide to Information' on its website using the ICO template for parish councils, and including the council's schedule of fees and a link to the ICO Model Publication Scheme.</p> <p>Noting that the threshold for this to apply as best practice reduced this year from annual turnover above £200,000 to annual turnover above £25,000, I recommend that the council includes information on its website in accordance with the Local Government Transparency Code 2015.</p>
13	Public rights	None.
14	AGAR Publication Requirements.	I recommend that the council diarises the AGAR publication requirements due not later than 30 September each year, to ensure that the relevant completed documents are published on the council's website by the deadline.
15	Responsibility as a sole managing trustee.	Not applicable.
16	Digital & data compliance	<p>The council does have the recommended generic e-mail address (clerk@flamsteadparishcouncil.gov.uk), however, some e-mails are still being sent from the previous gmail address. I recommend that settings be updated if possible to consistently send from the new address, whilst still being able to receive any e-mails still sent to the old address.</p> <p>I understand that the clerk and at least one member has had training on data protection principles and practices outside the council. I recommend that the council makes training available e.g. via HAPTC, and monitors that staff & members are completing the training on a regular basis.</p> <p>I recommend that the council produces & adopts an IT policy, noting that there is a link to a template in the 'Practitioners' Guide 2026/27'.</p>
17	Basic IT controls.	As I understand that online backups only are used, I recommend that any historical backup or other data held on USB backup media be moved to the laptop for online backup, in case needed for future reference, and to ensure they are encrypted.

Expected AGAR Section 2 Numbers Following Internal Audit

Client: Flamstead Parish Council

Y/E: 31 March 2026

		31 March 2025 £	31 March 2026 £
1	Balances brought forward	128,042	133,077
2	(+) Precept or Rates and Levies	40,773	36,845
3	(+) Total other receipts	42,292	24,558
4	(-) Staff costs	23,381	19,947
5	(-) Loan interest/capital repayments	10,000	-
6	(-) All other payments	44,649	45,874
7	(=) Balances carried forward	133,077	128,659
8	Total value of cash and short-term investments	133,077	128,659
9	Total fixed assets plus long-term investments and assets	382,622	386,448
10	Total borrowings	-	-

*£1 rounding
adjustment applied*

Annual Internal Audit Report 2025/26

FLAMSTEAD PARISH COUNCIL

ENTER PUBLIC WEBSITE URL OR E-MAIL ADDRESS flamsteadparishcouncil.gov.uk PAGE ADDRESS

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. <i>This internal audit objective is not applicable</i>			✓
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. <i>(If the authority had a limited assurance review of its 2024/25 AGAR tick "not covered")</i>			✓
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. <i>Guide to information not included. Council to review</i>		✓	
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 <i>(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).</i>	✓		
N. The authority has complied with the publication requirements for 2024/25 AGAR <i>(see AGAR Page 1 Guidance Notes). Notice of conclusion & external audit report on website after deadline</i>		✓	
O. The authority has complied with laws, regulations & proper practices relating to digital and data compliance. <i>No IT policy. Council to review</i>		✓	
P. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

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

Name of person who carried out the internal audit

29/05/2026

& OFF-SITE/Y

DD/MM/YYYY

ETAERIO LTD INTERNAL AUDITOR

Signature of person who carried out the internal audit

P.K. Rhoden

PHILIP RHODEN, DIRECTOR

Date

07/06/2026

*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).