Black Rose Solutions Ltd

Internal Audit - Report

Name of Council - **Quarnford Parish Council**
Date of Audit - **9th February and 20th April 2026**

Annual Return - Internal Control Objectives

A. Appropriate accounting records have been properly kept throughout the financial year.	YES
Is the cashbook maintained and up to date?	yes
Is the cashbook arithmetic correct?	yes
Is the cashbook regularly balanced?	yes
The council uses Excel for its cashbook, no issues noted.	

B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	YES
Are payments supported by invoices?	yes
Is all expenditure approved?	yes
Is VAT appropriately accounted for?	yes
Does the Council hold Power of Competence?	no
Re adopted?	n/a
If not, does the council monitor s137 expenditure against limit?	yes
Some printed approvals sheets have been amended by hand, when this happens, the approver should initial the changes.	REC
Items for payment are presented to council for approval, and then online payment is made on the sole authority of the clerk. It is no longer a requirement to have dual approval as long as the council is aware of the risks and has robust control measures in place.	note

C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	YES
Does a review of the minutes identify any unusual financial activity?	no
Do minutes record the council carrying out an annual risk assessment?	yes
Is Insurance cover appropriate and adequate?	yes
Are internal financial controls documented and regularly reviewed?	yes
	Review
Risk Assessment	07/01/2025
Financial Regulations	11/06/2025
Standing Orders	11/06/2025

D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	YES
Has the council prepared an annual budget in support of its precept?	yes
Is actual expenditure against the budget regularly reported to the council?	yes
Are there any significant unexplained variances from budget?	no
Does the precept recorded agree to the Council Tax authority's notification?	yes
Are reserves appropriate?	**
Earmarked Reserves	3250
General Reserves	1006.1
Months of Income	3
Months of expenditure	2
The council holds general reserves below the recommended levels. Guidelines state the councils should hold between 3 and 12 month of income/expenditure for cash flow and contingency purposes. (Further details in Practitioners Guide 5.32 - 5.38) PG 5.33. The generally accepted recommendation with regard to the appropriate minimum level of a smaller authority’s general reserve is that this should be maintained at between three and twelve months of net revenue expenditure.	REC

E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	YES
Is income properly recorded and promptly banked?	yes
Are security controls over cash and near-cash adequate and effective?	yes
Is the council VAT registered?	no
Are returns submitted in a timely manner?	yes
Is VAT reclaimed on exempt business activities reviewed and considered insignificant?	n/a
Are receipts for business activities within the registration threshold?	n/a

F. Cash payments were properly supported by receipts, all petty expenditure was approved and VAT appropriately accounted for.	N/a
The council does not hold cash	

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.	YES
Do all employees have contracts or employment with clear terms and conditions?	yes
Do salaries paid agree with those approved by the council?	yes*
Are other payments to employees reasonable and approved by the council?	yes
Have PAYE/NIC been properly operated by the council as an employer?	yes
Does line 4 include only Salary, NI & Pension	yes
Does the council monitor off payroll working (IR35)	n/a
The clerks salary has been calculated based on 52 weeks, rather than 52.143 (52 weeks + 1 day) this has resulted in a small underpayment, and will be corrected.	note

H. Asset and investments registers were complete and accurate and properly maintained.	YES
Does the council maintain a register of all material assets owned or in its care?	yes
Are the assets and investments registers up to date?	yes
Do asset insurance valuations agree with those in the asset register?	yes

I. Periodic and year-end bank account reconciliations were properly carried out.	YES*
Is there a bank reconciliation for each account?	yes
Is a bank reconciliation carried out regularly and in a timely fashion and approved by council?	**
Are there any unexplained balancing entries in any reconciliation?	**
Is the value of investments held summarised on the reconciliation?	n/a
The bank reconciliation had been included in the agenda, but had not been included in the minutes as record of what had been approved.	REC
In the bank reconciliation the opening bank balance had been used instead of the opening cashbook balance, this resulted in the incorrect treatment of two unpresented cheques carried forward from the previous year (one had been cancelled and one had been included in current year payments). The bank did reconcile, it was just not correctly displayed in the reconciliation.	REC

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.	YES
Are year end accounts prepared on the correct accounting basis (receipts and payments or income and expenditure) ?	R&P
Are debtors and creditors properly recorded?	n/a
Do accounts agree with the cashbook?	yes
Is there an audit trail from underlying financial records to the accounts?	yes

K. If the authority certified itself as exempt from a limited assurance review in 24/25, it met the exemption criteria and correctly certified itself exempt	YES
Receipts < £25k	4200
Payment < £25k	1961
Certificate of Exemption Published 2025	yes

L. The authority publishes information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	NO
All councils - Accounts and Audit Regulations 2015 **Accounts remain published for 5 years**	no
ICO Publication Scheme	yes
Community Infrastructure Levy Return	n/a
Transparency Code for Smaller Councils (income/expenditure under £25k)	
All items of expenditure above £100	yes
End of Year Accounts	yes
Annual Governance Statement	yes
Internal Audit Report	yes
List of Councillor or member responsibilities	yes
Location of public land and building assets	n/a
Minutes, Agendas and papers of formal meetings	yes
The council falls into the small thresholds for Transparency requirements so the code details what must be published.	
All councils are required to keep 5 years of accounts published. Previous years accounts were not available to be published.	REC

M. The authority has demonstrated that during summer 2025 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations. (Evidenced by website or minutes)	YES
Approval Date (meeting)	23/04/2025
Publication Date (announcement date)	02/06/2025
Date from (commencement date)	03/06/2025
Date to	14/07/2025

N. The authority has complied with the publication requirements for 2024/25 AGAR.	YES
Notice of Period for Exercise of Electors Rights	yes
Section 1 Annual Governance Statement	yes
Section 2 Accounting Statements	yes
Analysis of Variances (if small)	yes
Bank Reconciliation (if small)	yes
Internal Audit Report	yes

O. The authority complied with laws, regulations & proper practices relating to digital and data compliance.	YES
PG.O.1 • Ensure local authority has, as a minimum, a single generic email address on an authority owned domain.	ok
PG.O.2 • Check that website accessibility has been tested, at least annually, and that the accessibility statement has been updated as required.	v2.2 Apr 2026 not compliant
PG.O.3 • Check when the authority last completed a data audit.	due May-26
PG.O.4 • Ensure the authority has prepared and formally adopted a data protection policy that is reviewed at least once annually.	11/6/25
PG.O.5 • Ensure the authority has an up to date IT policy in place.	ok
The council is in the process of adopting a Data Audit	REC
The website is not fully compliant with the regulations, though it has been reviewed and the applicable statement published.	REC

P. Trust funds (including charitable) – The council met its responsibilities as a trustee.	N/a
The council is not a trustee	