

## **Explanation of reasons for stating ‘No’ position on Annual Governance Statement and how the Parish Council intends to address those weaknesses.**

### **General response:**

The Council accepts the findings of the internal auditor in full and has taken positive steps to address the weaknesses identified in the report. At the Extraordinary Full Council meeting held on 23 June 2026, the Council agreed to establish a working group to examine the reasons for the identified failures in detail and to determine the actions required to prevent recurrence in future years. The Council also recognises the significant work undertaken by the Clerk since his appointment in January 2026 to embed improvements to existing practices.

These improvements have been further supported by the introduction of a new accounting and management software system, recommended by the Clerk, which is intended to strengthen financial administration, accessibility and resilience. Staffing resilience has also been improved through the appointment of a Deputy Clerk, who has been proactive and diligent in undertaking training on the new system.

The Council acknowledges that further work remains necessary to strengthen resilience and ensure that the new arrangements are fully embedded. This will continue as additional software functions are implemented over the coming months, alongside ongoing review, training and procedural improvements.

### **1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.**

#### **Explanation:**

The Council answered “No” to this assertion due to a period of significant staffing disruption during the year. The previous Clerk left in March 2025, taking with them the primary knowledge of the Council’s financial system (Rialtas).

Subsequent staff, including the Clerk and Deputy Clerk, did not have sufficient experience of this system, and the Council was reliant on a locum Clerk for limited hours to undertake financial processing. As a result, financial management processes were not fully effective, including a lack of invoicing activity from October 2025 and incomplete accounting records.

Upon the appointment of a new Clerk in January 2026, work was undertaken to reconstruct the accounts for the period from 31 December 2025 to 31 March 2026 to ensure the accounting statements could be properly prepared. The Council has since transitioned to a new financial system (Scribe), with improved accessibility and resilience in financial management processes.

The Council has taken steps to strengthen its financial arrangements, including improved procedures, system training, and reduced reliance on single officers, and is satisfied that appropriate arrangements are now in place going forward.

**2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.**

Explanation:

The Council answered “No” to this assertion because, during the year, weaknesses were identified in the operation and review of internal controls. These weaknesses arose principally from staffing disruption, loss of key system knowledge, and the Council’s reliance on limited locum support for financial administration.

Although controls were in place, they were not applied consistently throughout the year and their effectiveness was not reviewed to the standard required to support a “Yes” response. In particular, delays and gaps in financial processing, incomplete accounting records, and reduced oversight meant that the Council could not be fully satisfied that its arrangements to prevent and detect error, fraud or corruption had operated effectively for the whole period.

The Council has since taken corrective action to strengthen internal control arrangements. This includes reconstructing and reviewing the accounting records, moving to a more accessible financial system (Scribe), improving officer training, reducing reliance on a single individual, and introducing clearer procedures for financial administration and oversight.

The Council is satisfied that the reasons for the “No” response have been identified and that appropriate measures are now being implemented to ensure internal controls are more robust, regularly reviewed, and effective going forward.

**4. We provided proper opportunity during the year for the exercise of electors’ rights in accordance with the requirements of the Accounts and Audit Regulations.**

Explanation:

The Council answered “No” to this assertion because it could not evidence that the statutory requirements for the exercise of public rights had been fully met during the year. Under the Accounts and Audit Regulations, the Council is required to publish the required notice and make the relevant accounting records available for inspection for a period of 30 working days, including the first 10 working days of July. The Council are aware it published its notice dates before the Annual Governance Accountability Return had been signed off by the Parish Council. This was due to training weaknesses due to the staffing disruption.

Weaknesses in year-end financial administration identified elsewhere in the Annual Governance Statement, the Council was not satisfied that the notice of public rights and supporting unaudited accounting documents had been published, retained, and evidenced in the correct manner and within the required timescales. As a result, the Council could not properly confirm that electors had been given the full opportunity required by the Regulations.

The Council recognises that this is an important transparency requirement. Corrective action has therefore been taken to ensure that future notices are prepared in advance, approved alongside the AGAR timetable, published on the Council’s website and noticeboards within the required period, and retained with clear evidence of

publication.

Going forward, the Council will maintain a year-end compliance checklist and publication record so that the exercise of electors' rights can be clearly demonstrated and verified by the Internal Auditor.

**5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.**

Explanation

The Council answered "No" to this assertion because it could not demonstrate that a full and effective assessment of the risks facing the authority had been carried out and reviewed during the year. While the Council had some controls and insurance arrangements in place, the risk management process was not sufficiently complete, up to date, or evidenced to support a "Yes" response.

This weakness arose in the context of the staffing disruption and financial administration issues already identified elsewhere in the Annual Governance Statement. As a result, the Council could not be satisfied that all relevant risks including financial, operational, governance, staffing, asset, legal and compliance risks, had been formally assessed, recorded, monitored, and managed throughout the year.

The Council recognises that risk management is an important part of effective governance. Corrective action is now being taken, including the preparation and adoption of an updated risk register, a review of insurance cover, clearer allocation of responsibility for monitoring risks, and regular reporting to Council. The Council will ensure that the risk assessment is reviewed at least annually and whenever significant changes arise. The Council may use external consultants to help them manage risk effectively.

Going forward, the Council will maintain clear evidence of risk reviews, insurance checks, and any actions taken to manage identified risks, so that compliance with this assertion can be demonstrated ongoingly.

**10. We have put in place arrangements full the effective IT and data management in accordance with proper practices during the year under review.**

Explanation

The Council answered "No" to this assertion because, during the year under review, it could not demonstrate that fully effective arrangements for IT and data management were in place in accordance with proper practices. In particular, the Council had not completed and evidenced all required arrangements relating to IT policy, data protection, secure use of systems, website accessibility, publication requirements, and management of Council-controlled digital records.

This weakness arose in the context of the wider staffing disruption and loss of key system knowledge (Rialtas) already identified elsewhere in the Annual Governance Statement. As a result, the Council could not be satisfied that its digital systems, data handling arrangements, access controls, and related policies had been reviewed, maintained, and applied consistently throughout the year.

Corrective action is now being taken, including the review and adoption of appropriate IT and data protection policies, improved management of Council digital records, checks on website accessibility and publication compliance, and further training for staff and councillors. The Council already owns and uses a .gov.uk domain, with councillors provided with .gov.uk email addresses, and will build on this by ensuring that access controls, records management, cyber security arrangements, and policy reviews are clearly documented and reviewed regularly going forward.

Please also see attached draft action plan that identified failings within the existing regulations which will be examined in greater detail by the working group established.

# Action Plan relating to Internal Auditor's Report

## A. Accounting Records & Audit Trail

IA Finding	Financial Regulation Requirement
Unable to evidence ledger entries (Oct–Mar) due to lack of system knowledge	Fin Reg 3: Accounting records must be sufficient, accurate, and explain transactions
Missing nominal ledger evidence during audit	Fin Reg 3: Records must disclose financial position with reasonable accuracy
Lack of audit trail for second half of year	Fin Reg 3: requirement for proper records & audit support

### Conclusion and Action required

Clerk was totally reliant on Locum Clerk for all Rialtas work. No invoices had been issued since October 2025.

Knowledge of Rialtas in the admin team was severely impaired once the Clerk left in March 2025.

### Action required

Financial Regulation 3 and 6 covers the aspects referenced. Moving to Scribe Accounts will make compliance easier.

## B. Payments, Approvals & VAT

IA Finding	Financial Regulation Requirement
2 of 12 invoices lacked councillor approval evidence	Fin Reg 6: Payments must be authorised and supported by invoices
Could not link payments to bank reconciliation	Fin Reg 6: Payments must be verified and reconciled before authorisation
No central record of quotes obtained	Fin Reg 5: Procurement rules require evidence of quotes/tenders
VAT return submitted late (Q2)	Fin Reg 13: VAT must be correctly recorded and submitted on time
Barclaycard statements not signed	Fin Reg 6 and 9 / internal control expectations

### Conclusion and Action required

There was partial compliance but some control gaps remain.

Auditor refers to Barclays but this reverted to Unity in Feb 2026

# Action Plan relating to Internal Auditor's Report

Accounts had to be reconstructed for period Dec 25 to March 26. Bank reconciliation was carried out by Locum Clerk once all data inputted but this was not achieved until March 2026.

Where procurement rules dictate new folder of decisions and pricing/ quotes has now been established.

Barclaycard procedures. The Clerk disagrees with IA assumption about councillor signature on statements, this should be verified by the RFO or deputy.

## Action Required

Procurement folder and procedures now established in line with Financial Regulation 5

Move from Barclaycard to Unity Trust Multipay card. Decision to be considered by PP&R committee.

## C. Risk Management

IA Finding	Financial Regulation Requirement
Risk register not updated or reviewed in 2025/26	Fin Reg 2: Annual review of risk management and internal controls required

## Conclusion and Action required

There was partially compliance of the procedures. All areas of high risk had been dealt with appropriately.

A review of policies did take place and primary policies were reviewed.

## Action required

Internal Controls document is reviewed before AGAR procedures in 2027.

Produce policy review schedule.

Consider use of external agency/ consultancy / software for control of risks.

Clerk to research how other complex operation based Town/Parish councils monitor their risks.

## D. Budget & Precept

IA Finding	Financial Regulation Requirement
Budget and precept properly set and approved	Fin Regs 4: Budget must be prepared and approved before setting precept

# Action Plan relating to Internal Auditor's Report

## Conclusion and Action required

The Auditor's report is incorrect. No budgetary reviews took place in 2025/6 as no PP&R meeting was held. In addition, coding on RBS Rialtas was inconsistent.

Although some committees carried out a budget review meeting, not all committees did and PP&R recommended a precept level to Full Council, aware that some budget data was missing. The Council, given the circumstances they faced and the fact the precept demand was required by 26 January 2026 had to make a decision regarding an increase, otherwise the District Council would have held the precept at the 25/26 level.

## Action required

New cost centres and cost codes have been produced with Scribe.

Revised Earmarked reserves have been established following PP&R meetings and Full Council approval in 2026.

Procedures for budgeting are established within Fin Reg 4. All chairs of committees to be reminded / trained on procedure before 27/28 budget preparation.

## E. Non precept Income

IA Finding	Financial Regulation Requirement
Missing bank reconciliations (Oct–Mar)	Fin Regs 2 & 3: internal control & accurate records required
Unable to verify income completeness	Fin Regs 13: income must be recorded and controlled properly
Delayed banking of café income	Fin Regs 13: income must be banked intact and promptly

## Conclusion and Action required

Bank reconciliations had been presented to Full Council for approval up to and including Jan 2026. However, for auditing purposes the detailed documentation behind the process had not been recorded.

No bank reconciliations was carried out once Deputy Clerk had left in Jan 2026. These were later picked up by the Locum Clerk once the accounts have been reconstructed from Dec 2025 to March 2026.

The move to Unity Trust created a different procedure for banking resulting in monies having to be banked at NatWest. This position has now been resolved and banking has recommenced at the Post Office.

## Action Required

All controls are operating successfully since new Deputy Clerk in place.

Till differences and cash handling is extremely time consuming for the admin team. Community Centre Café should consider a move to cashless payments only and purchase of

# Action Plan relating to Internal Auditor's Report

a new iPad till which would record payments more easily and record data of sales currently not available. These new iPad tills are more hygienic and easy to clean.

## F. Petty Cash

IA Finding	Financial Regulation Requirement
Could not verify some petty cash against reconciliations	Fin Reg 10: petty cash must be recorded and supported with receipts.

### Conclusion and Action Required

All petty cash transactions have been completed compliantly. The issue relates to bank reconciliation which were not recorded from December 2025 to March 2026. Year end reconciliation has been undertaken and completed.

### Action Required

None - All procedures now being followed correctly for bank reconciliation.

## G. Payroll

IA Finding	Financial Regulation Requirement
PAYE, NI and payroll correctly managed	Fin Reg 11: statutory payroll compliance required

### Conclusion and Action Required

Payroll has now moved to Stevenson Smart Chartered Accountants thus ensuring Financial Regulation 11 is fully compliant.

### Action Required

None

## H. Assets Register

IA Finding	Financial Regulation Requirement
Asset register incomplete and inconsistent	Fin Reg 16: must maintain accurate asset register and verify annually
Missing additions / inconsistent valuation	Fin Reg 16 requirement for accurate records

# Action Plan relating to Internal Auditor's Report

## Conclusion and Action Required

There is a lot of confusion around asset registers even amongst internal auditors! Town and Parish Councils are not allowed to include depreciation. Rialtas allows three types of values. Scribe allows just one. The value should be reflected as the purchase cost. This remains the same until such time as the asset is disposed of – the value then goes down to nil.

Please note that asset register valuations and values used for insurance are not the same.

Scribe has a facility that allows you to add an item to the asset register at the point of purchase. This facility does not appear in Rialtas.

New clarification regarding asset registers is shortly to be issued by Smaller Authorities Proper Practices Panel (SAPPP) particularly with regard to inconsistencies in recording values.

## Action Required

Despite the Internal Auditors comments it is clear that the Asset Register has not been correctly reflecting the Councils assets for a number of years. A forensic approach is required to rebuild the register and reinstate the position at the next AGAR review in 2027. It is not uncommon for a Town / Parish Council to undertake this approach. In addition, during the review any updated guidance from SAPPP can be considered within the review.

In the meantime it is appropriate for the Council to sign off box 9 on the AGAR as the Council's best known position as at 31 March 2026.

## I. Bank Reconciliation

IA Finding	Financial Regulation Requirement
Missing detailed reconciliations for half year	Fin Reg 2: internal controls must ensure accuracy and fraud prevention
Reconciliations not consistently performed monthly	Fin Reg 2: verification expectation

## Conclusion and Action Required

There may have been some cross communication about the description of a line by line bank reconciliation. At the Full Parish Council meeting in January 2026 Bank reconciliations from Oct 25 to Dec 25 were produced and agreed.

However, the detailed reconciliation of each line of the reconciliation could not be located and Rialtas does not allow a reconstruction of the reconciliation.

The Locum Clerk undertook the reconciliations from Jan 26 to March 26, during the reconstruction of the accounts of the last quarter.

Although the Internal Auditor has answered 'yes' to line I on the report, I believe the Council's actions does not meet the expectation of the Financial Regulations. This higher expectation is now being met and recorded in Scribe.

# Action Plan relating to Internal Auditor's Report

## Action Required

None – all procedures now being followed in line with financial regulations.

## J. Accounting Statements

IA Finding	Financial Regulation Requirement
Inadequate audit trail supporting accounts	Fin Regs 3: accounting records must support statements fully

## Conclusion and Action Required

Reconciliations – see point I above.

Much of the comments from the Internal Auditor relates to issues already covered and area J refers to the accounting statements within the AGAR, which forms the basis of the 'accounting procedures' undertaken.

## Action Required

Work needs to be undertaken to establish whether debtors and creditors lists are correct. It is likely that most of the entries are double booking and does not reflect the fact that monies are owned or due. This work can continue in 2026 and will then be correctly reflected in 2027 AGAR.

## Items raised but not directly related to Financial Regulations

These are important but fall outside Financial Regulations such as Transparency Code, Practitioners' Guide, or governance best practice.

IA Issue	Reason
Website missing expenditure >£500 and accessibility statement	Transparency Code / web accessibility law
Lack of formal data audit & training	Data protection / governance (AGAR assertion 10)
Staffing shortages and knowledge gaps	Operational issues
Policies not regularly updated	Governance best practice
Inconsistency between Standing Orders and Financial Regulations	Governance/document control issue

# Action Plan relating to Internal Auditor's Report

## **Website: missing expenditure above £500 and accessibility statement**

### **Conclusion and action required**

As detailed income and expenditure reports could not be produced from Dec 25 to March 2026 these were not available to be published.

All financial reports produced by Scribe will be included within agenda papers available on the website and published separately on the website to aid clarity.

### **Action required**

Retrospective financial reports could be printed from Rialtas and published for last quarter of 2025/6, however these will not be the same format as seen previously.

Discussion have already been held with the Council's website provider to include accessibility statement and upgrades required for Web Content Accessibility Guidelines (WCAG) published by the W3C (World Wide Web Consortium). Councils are expected to meet Level AA compliance. The latest version being adopted is WCAG 2.2 (AA)

## **Lack of formal data audit & training**

### **Conclusion and action required**

Parish Councils do not need to appoint a Data Protection Officer (DPO). The Parish Council does not handle a large volume of personal data. The position of DPO is included in the job description of the Clerk. As a result the Parish Council are not required to minute the role.

All council training (including staff and members) on the requirements of Assertion 10 needs to be undertaken.

### **Action Required**

The Parish Council can minute that the Clerk is the DPO but this is very much belt and braces – there is no requirement to do so.

Clerk to arrange training on Assertion 10.

## **Staffing shortages and knowledge gaps**

### **Conclusion and action required**

The Clerk have been aware of the issue concerning knowledge gaps from the first day he arrived. Plans are in place to produce a well trained and resilient team across all areas of operational requirements for the Council. This is not an easy fix and will take sometime to achieve before full confidence could be achieved. The Council has a relatively inexperienced management team below the Clerk, with some staff members stepping in to higher roles for the first time. Line management responsibilities have also changed and this will take a while to settle down.

# **Action Plan relating to Internal Auditor's Report**

## **Action Required**

Plans for the future whilst in place need to be communicated to the Staffing Committee / Full Council so all are aware of the challenges ahead.

Whilst the Clerk and Deputy Clerk are proficient in Scribe Accounts, it would be useful for other admin members to be able to undertake basic financial procedures within Scribe.

## **Policies not regularly updated**

### **Conclusion and action required**

Concerns were raised before the Annual meeting of the Parish Council and the primary policies were reviewed, although there is still work to be undertaken.

To avoid PP&R having to 'review' 900 pages of policies in one meeting, a programme of review needs to be considered. The Council has 63 policies, many of which could be converted to guidance notes. The policies within the staff handbook need to be replaced by the suite of policies approved by the Council's own HR support consultants; Council HR and Governance.

### **Action Required**

Produce policy schedule for review.

Adopt staffing policies written by Council HR and Governance.

## **Inconsistency between Standing Orders and Financial Regulations**

### **Conclusion and Action Required**

This has been noted previously and some work to eliminate major issues has been undertaken and agreed by Full Council at the Annual Parish Council meeting. However, further work does need to take place.

### **Action Required**

Consider review of Standing Orders and Financial Regulations again after enhanced financial procedures have been embedded within Scribe practices. In addition, the scheme of delegation also needs to be consistent with any review of Standing Orders and Financial Regulations.

**Clerk**

**22 June 2026**