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 for 2025/26

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

Action required

1. **Council administration staff need to be more resilient and flexible to be able to cover aspects of administration and finance, particularly where knowledge of software is essential for these services to proceed.**
2. **The move to Scribe from 1 April 2026 had formed part of the resilience response. The Clerk and Deputy Clerk are fully conversant with Scribe, however all admin staff will be trained on Scribe and a training schedule is being worked through to ensure adequate cover is achieved.**
3. **The process of importing the last three years of accounting data into Scribe has began. This work is being undertaken by Scribe themselves. The six year requirement for the retention of data will be achieved as Rialtas back files have been produced monthly which can be viewed by the Council maintaining a read only access with Rialtas software. Temporary remote access can also be granted in Scribe, so that the Internal Auditor can view Council records before any scheduled visit.**
4. **Individuals will have their own training assessments and detailed records of training, achievements and completion/valuation will be recorded within the employee's CPD record.**
5. **For longer period of absences (i.e. 2 weeks annual leave) cover will be in place to ensure all processes, including finances are covered. This form part of the job description.**
6. **In the unlikely event that no staff member is available for input into Scribe, cover can be provided by external sources such as NPTS and NALC. Scribe support team also would be able to assist.**
7. **Up to date training is provided through Scribe's own seminars. Software updates are signaled in advance to ensure training can be undertaken both implementation.**
8. **Scribe also has its own academy (Scribe Academy) which staff members are encourage to join and seek help and support for training needs. The Academy has a wide range of "how to" videos and guides with step by step instructions as well as master classes and forums for more advanced users.**

Action Plan relating to Internal Auditor's Report for 2025/26

B. Payments, Approvals & VAT

IA Finding	Financial Regulation Requirement
2 of 12 invoices lacked councillor approval evidence	Fin Reg 6: Payments will 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

Action required

1. **A Standard Operating Procedure (SOP) will be written to detail the process of how payments are authorised and processed through the system. This will include what checks take place and the level of authorization required at each stage. The SOP will also reference the relevant financial regulation. This SOP will be available to all Councillors and will be used to train new Councillors who are appointed signatories. The SOP will have an contents page at the front of the document, bullet pointing each area and process for ease of reference. A link to the document will be provided for Councillors.**

2. **All staff will be trained on the SOP for awareness. Links for training for Councillors will also be produced.**

3. **All invoices will continue to pass through the RFO for checking before payment is authorised.**

4. **VAT returns are prepared automatically in Scribe and are submitted by interaction with HMRC RTI portal. Once this has been set up no passwords are required to ensure submission. The Financial Regulation referring to password retention needs to be amended to reflect the modern working practices of a digital Real Time Information portal issued by HMRC.**

5. **Some suppliers had retained the Council's Barclaycard payment details for ongoing payments, mainly food retailers which supplies the café on a weekly basis. 90% of recurring card payments, have now been stopped and moved to account arrangements instead.**

6. **Within the Barclaycard online portal, a request to move to paperless statements and forwarded statements to the Clerk's email address will be made.**

7. **The RFO will ensure Councillors (currently two councillors) with responsibility of Barclaycards are signing each statement once checked and verified by the RFO.**

Action Plan relating to Internal Auditor's Report for 2025/26

8. **The Council has agendaed an item for September 2026 to moving to the Unity Trust multicard, which offers the benefits and acceptance of Mastercard/Visa while operating more like a debit card, as the balance is swept to the Council's current account every 30 days.**

9. **The Standing Orders and Financial Regulations approved in May 2026 will be reviewed at the Full Council meeting in August 2026 to ensure the 2025 updates are included. Once approved the amendment versions will be added to the website. The amended versions will also include adoption and review dates.**

10. **A new folder has been established to retain records of decisions, pricing information, and quotes to support future audit requirements. The register will also record the relevant Financial Regulation / Standing Order / Scheme of Delegation item for transparency.**

11. **Where procurement rules are required as directed by Financial Regulations / Standing Order a register of decisions and pricing/ quotes has been established.**

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

Actions required

1. **Ensure the Internal Controls document is reviewed before AGAR procedures start in 2027.**

2. **The Clerk to will use an external agency/ consultancy / for control of risks. A meeting will take place with various providers.**

3. **A list of policies will be included on the agenda for PP&R for meeting scheduled on Monday 28 September 2026. Primary policies have been reviewed in May 2026.**

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

Actions required

1. **New cost centres and cost codes have only been added to Scribe. When the council moved across from Rialtas. These are simpler and easier to understand and help with ensuring the correct code is applied when processing.**

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

3. **Procedures for budgeting are established within Fin Reg 4. All members of**

Action Plan relating to Internal Auditor's Report for 2025/26

committees to be reminded / trained on procedure before 27/28 budget preparation.

4. **Budget process to be written and circulated to all councillors to aid budget discussion and understanding.**
5. **All committees will review their budget position at every scheduled meeting.**

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

Actions Required

1. **All controls are operating successfully since new Deputy Clerk in place from March 2026.**
2. **The bank reconciliation process will be undertaking at Full Council each month removing the need for the Council to appoint an internal scrutineer. Process to be written and issued for Councillors to follow process which includes presentation of the bank statements for initialing by the Chair once approved.**
3. **Financial Regulation 13. Councillors to be made aware of process of the operating procedure. A standard operating procedure will be produced for members to view.**
4. **Internal Financial procedures: Produce simplified record of Financial Regulations implementation and internal controls document.**

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.

Actions Required

1. **All procedures now being followed correctly for bank reconciliation.**
2. **All bank reconciliations since March proves that procedures are working correctly. The process can get captured in the written documentation detailed above B1.**

Action Plan relating to Internal Auditor's Report for 2025/26

G. Payroll

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

Actions Required

1. **Operational procedure to be written to demonstrate process for payroll.**
2. **Payroll supplier to provide employee change form. Use of form to be included with SOP.**

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 Required

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.

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

Action Required

All actions regarding bank reconciliations will be picked up in B1

J. Accounting Statements

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

Action Plan relating to Internal Auditor's Report for 2025/26

Action Required

1. **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 but are referenced in other governance documents 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

Website: missing expenditure above £500 and accessibility statement

Actions required

1. **Financial reports for the last quarter of 2025/6 have been seen and approved by Full Council.**
2. **Discussions 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

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

Actions Required

1. **The Clerk's job description should be checked to see if the role of DPO is included.**
2. **The Parish Council should minute that the Clerk is the DPO**
3. **The Clerk will locate a training supplier and arrange training on Assertion 10.**

Action Plan relating to Internal Auditor's Report for 2025/26

Staffing shortages and knowledge gaps

Action Required

1. **Produce training matrix to identify skill gaps and produce plan to ensure the team is more resilient to ensure essential admin tasks can be maintained. Training matrix to be reviewed by the staffing committee at the next meeting.**

Policies not regularly updated

Action Required

1. **Produce policy schedule for review for September 2026 meeting of Property, Policy and Resources committee.**
2. **Staffing policies written by Council HR and Governance Support Ltd will be adopted as part of the outcome of the HR Governance review. The HR Governance Review is an item on the agenda for 11 August 2026 Full Council meeting.**

Inconsistency between Standing Orders and Financial Regulations

Action Required

1. **Actions will be picked up in action B9**

Clerk

5 August 2026