

FLEGGBURGH PARISH COUNCIL

Action Plan for July 2026 Meeting relating to Internal Audit Report

The Internal Audit was received on 11 May 2026. The following detailed actions are proposed following discussions of the Annual Internal Audit Report at the FPC meeting on 13 May 2026:

1. Financial Regulations to be updated to reflect “£25,000 plus” size of FPC.
2. VAT reclaim – this was scheduled to be processed following bus shelter large invoices from Westcotec but as this work has been delayed a VAT reclaim will be processed before those invoices are received.
3. Financial Risk Assessment and General Risk Assessment to be reviewed and updated as necessary. Review date to be evidenced on FPC website.
4. Internal Financial Control environment adopted 2023 to be updated and reviewed as necessary and evidenced on FPC website.
5. Pension re-enrolment with The Pensions Regulator (TPR) to be reviewed and discussed with TPR.
6. Review of asset register totalling £36,541 to be evidenced. This was performed on 13 May 2026. Fixed asset register is on FPC website.
7. RFO appointment – evidenced 13 May 2026.
8. Adoption of IT Policy – adopted 13 May 2026, minuted and posted on FPC website.
9. Employment – annualised pay £7,716 and hourly rate £18.95 recorded in minutes 13 May 2026. The weekly hours worked is 7.5 hours per week.

PAYE – Clerk did not receive any payment until August 2025. See explanation relating to Statement G operation of PAYE and NIC attached. Payroll to Month 2 / May 2026 reconciled to HMRC deductions and payments.

10. Review of policies and procedures - all policies and procedures to be reviewed at FPC meeting July 2026 including Data Protection Policy.

Data Audit Policy to be established July 2026.

11. Confidential Matters - Confidential Reports to be kept and minutes of decisions to be recorded.

12. 'No' recommendations re Questions 5 and 10 implemented.
13. Response to Internal Audit documented for External Auditors (attached).
14. Review of bank reconciliation - no minuted record of review. However the minutes do record.

Minute 7(b) on 11 March 2026 states:

"The Councillors noted and approved the bank reconciliation at 28 February 2026".

Minute 7(b) on 14 January 2026 states:

"To note and approve the bank reconciliation at 31 December 2025. The bank balances totalled £63,541. These results were noted and unanimously approved".

Therefore FPC will ask Sarah Hunt exactly what she would expect to be minuted.

**FLEGGBURGH PARISH COUNCIL (FPC) 2025/2026
ANNUAL INTERNAL AUDIT REPORT (AIAR) AND ANNUAL GOVERNANCE STATEMENT (AGS)
IMPLICATIONS AND ACTIONS TO ADDRESS 'NO' ANSWERS**

Notes Prepared by Sarah Hunt, Internal Auditor - 11 May 2026

I have answered 'No' on the Internal Audit form for the following reasons:

Statement C

The Council undertook no risk assessment during the year, no review of Internal Controls, no review of Financial Risk Assessment or risk assessments for voluntary activities.

Statement G

The salary payments do not match the contract provided. No proof was available for any increase.

Employers Allowance was claimed. Payments were not processed monthly.

Statement O

The Council has not adopted an IT policy or undertaken a data audit.

*Parish Clerk's Explanations to the External Auditor for 'No' Answers – 12 May 2026
These explanations were approved at the FPC meeting on 13 May 2026 minute 9 a).*

Statement C of AIAR Report and Box 5 of AGS 25/26

These documents will be updated and formally reviewed at the FPC meeting in July 2026. No breakdowns in internal financial controls have been identified in the year. No adverse impacts of the lack of visible evidence of the reviews of the Risk Assessments mentioned have been noted. Importantly consideration of risk and internal control is embedded into all FPC's activities. However FPC recognises the need to document formal reviews. FPC has noted the absence of risk assessments in answering Box 5 of Section 1 AGS 2025/26.

Statement G

The Clerk was appointed 1 April 2025. He did not have authority to access the payroll processing (HMRC Payroll Tools) until August 2025 due to password-related issues. His first salary was paid in August 2025 (Month 5). He spoke to HMRC and followed their guidance on how to process months 1 to 5. The cumulative pay and deductions are correct. Subsequent payrolls have been processed monthly. Deductions have been paid to HMRC. Gross pay and deductions and P60 have been reconciled to HMRC deductions. Gross pay is as approved by Councillors.

Statement O of AIAR Report and Box 10 of AGS 25/26

Correct. An IT policy is presented for discussion and approval on 13 May 2026. A data audit will be considered at the FPC July 2026 meeting. FPC has noted that some policies need to be adopted in answering Box 10 of Section 1 AGS 2025/26.

Annual Internal Audit Report 2025/26

Fleggburgh Parish Council

<https://www.fleggburghparishcouncil.gov.uk/>

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.			✓
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.	✓		
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)</i> .	✓		
O. The authority has complied with laws, regulations & proper practices relating to digital and data compliance.		✓	
P. (For local councils only)	Yes	No	Not applicable
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

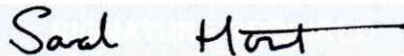
09/05/2026

10/05/2026

11/05/2026

SARAH HUNT

Signature of person who carried out the internal audit



Date

11/05/2026

***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).

Fleggburgh Parish Council

Internal Audit Report
Financial Year 2025/26

Prepared by Sarah Hunt
8th, 9th and 10th May 2026

I have completed an internal audit of the accounts for Fleggburgh Parish Council for the year ending March 2026.

My findings are detailed below using the tests provided in the Governance and Accountability (England) guidance.

Internal control	Test	Observations
Proper bookkeeping	Is the cashbook maintained and up to date?	Yes.
	Is the cashbook arithmetically correct?	Yes
	Is the cashbook regularly balanced?	Yes
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Yes
	Date Standing Orders last reviewed	August 2024
	Date Financial Regulations last reviewed	August 2024 The adopted Financial Regulations are based on a model document for an exempt Council (where income and expenditure are less than £25,000). As this is no longer the case Council will want to review these.
	Has a Responsible finance officer been appointed with specific duties?	No – see note.
	Are payments in the cashbook supported by invoices, authorised and minuted?	Yes – spot check reveals invoices and minuted approval.
	Has VAT on payments been identified, recorded and reclaimed?	No. Reclaim not undertaken for 1.3.25 to 31.3.26. Claims do not have to be for a full calendar year, they can be submitted for any amount over £100.00.
	Is s137 expenditure separately recorded and within statutory limits?	No S137 payments recorded. Cost code available on spread sheet.
	Have S137 payments been approved and included in the minutes as such?	No S137 payments identified.
Risk management arrangements	Does a review of the minutes identify any unusual financial activity?	No.

	Do minutes record the council carrying out an annual risk assessment or review of their risk management scheme?	Financial Risk assessment – May 2024. General Risk assessment – undated but not minuted within the 2025-26 year.
	Is insurance cover appropriate and adequate?	Reviewed by Council as adequate.
	Are internal financial controls documented and regularly reviewed?	No. Last adopted 2023. Due review September 2024.

Internal control	Test	Observations
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	25/26 – January 2025 (h) 26/27 – January 2026 (7c)
	Has the precept been calculated from the budget and been approved?	25/26 – recorded as £21,747 26/27 – recorded as £22,800
	Does the 2026/27 budget include an actual completed year?	Papers provided to Councillors included a complete year, year to date and budget for 2026/27.
	Is actual expenditure against budget regularly reported to the council?	Council receives regular financial updates.
	Are there any significant unexplained variances from budget?	No.
Income controls	Is income properly recorded and promptly banked?	N/A.
	Does the precept recorded agree to the Council Tax authority's notification for 2025/26?	Statement £ 21474 Remittance £21,747
Petty cash procedures	Is all petty cash spent recorded and supported by VAT invoices/receipts?	N/A
	Is petty cash expenditure reported to each council meeting?	N/A
	Is petty cash reimbursement carried out regularly?	N/A
Payroll controls	Do all employees have contracts of employment with clear terms and conditions?	Yes

Do salaries paid agree with those approved by the council?	No.
Are salaries above the National Living Wage/Minimum Wage?	Yes
Are other payments to employees reasonable and approved by the council?	Yes
Has the Council complied with Pension Re-enrolment duties?	Unknown. This will need following up.
Have PAYE/NIC been properly operated by the council as an employer?	No.

Internal control	Test	Observations
Asset controls	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? When were these last reviewed?	Dated 31 st March 2026 – No record of being reviewed by Council.
	Do asset insurance valuations agree with those in the asset register?	Insurance maximum £50,000 – Total Asset declaration £36,541.17.
Bank reconciliation	Is there a bank reconciliation for each account and is this reported to council?	Each meeting has this as an item however there is no paper record, nor minuted record of overview.
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes
	Are there any unexplained balancing entries in any reconciliation?	No.
	Is the value of investments held summarised on the reconciliation?	Yes.
Year-end procedures	Are year-end accounts prepared using the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Yes, R&P
	Do accounts agree with the cash book?	AGAR – £57,262 Statements - £2111.95 (*525) £55150.14 (*893)
	Has a year-end bank reconciliation been undertaken?	Reconciliation - £57,262.09 Agrees to bank statements

	Is there an audit trail from underlying financial records to the accounts?	Yes
	Where appropriate, have debtors and creditors been properly recorded?	N/A
Procedural	Is eligibility for the General Power of Competence properly evidenced?	N/A
	Have points raised on the last Internal Audit report been considered by council and actioned?	Yes
Transparency: For smaller councils with turnover under £25,000	Minutes for whole year on website?	N/A – Yes.
	Agendas for whole year on website?	N/A - Yes
	Payments over £100 detailed on website?	N/A – Within Minutes

Internal control	Test	Observations
	Electors' rights advertised on website?	N/A - Yes
	Councillors' responsibilities detailed on website?	N/A
	Last financial year's AGAR on website?	N/A - Yes
	Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use)	N/A Yes
Burial Authorities only	Are fees levied in accordance with the Council's approved scale of fees and charges?	N/A
	Have fees for the cemetery been reviewed and agreed by Council?	N/A
	Have burial books been kept up to date and are they safely stored?	N/A
Allotments only	Has a list of allotment holders with amounts paid to Council been submitted?	N/A
	Have fees for the allotments been reviewed and agreed by Council?	N/A
Councils with charities only	Have Charities reported and accounted separately?	N/A
	Has the Council been named as Sole Trustee on the Charity Commission Register?	N/A
	Are the Charity meetings and accounts recorded separately from those of the Council?	N/A
ICO	Is data processed appropriately / Is Council registered with the Information Commissioners Office?	Yes – ICO payment 23.4.2025
General Data Protection Regulations	Has the Council adopted a Data Protection Policy?	Yes – September 2023 Date of review September 2024.

Internal control	Test	Observations
	Has the Council put in place Privacy Notices?	Yes
Assertion 10 – Digital and Data compliance	Email address - Does authority must have a generic email account hosted on an authority owned domain,	Yes
	Website – Does website meet legal accessibility guidelines	Yes
	Has IT policy been adopted?	No
Other		

Thank you to Paul for supplying everything so promptly.

Employment:

I have been provided with a copy of an unsigned contract commencing 1st April 2025 for the current clerk. I would note to Council that the Clerk/RFO has not been appointed within the minutes. Council minutes dated 21st May 2025 record an item (2A) stating ‘ratification’ of the appointment, but the minute does not record a council decision of appointment, but is read as an ‘introduction’ by the Clerk himself. To be lawful Council MUST appoint by resolution a Responsible Financial Officer and record this in the minutes. I can find no such resolution within the minutes.

The Clerk informs me that hours were increased by 50% at the 19th November meeting. This was not minuted; the contract cannot be altered but an amendment letter should be issued signed by the Chairman, no such letter is available. I have been provided emails from Councillors saying that the increase should commence 1st December 2025 – whilst this cannot be relied upon as proof of the Council decision payment for the year equates to 7.5 hours a week from 1st April, that the increase was backdated to the start of the employment contract. These decisions must be evidenced.

PAYE has been incorrectly processed and Employers Allowance claimed. Whilst the Clerk informs me that this was approved during a telephone call with HMRC there is no written record of such permission. Parish Councils are not eligible unless they are a registered charity. Council will want to reassure itself that the sum claimed (£578.88) does not need to be repaid. Council failed to submit a return for 4 months due to business continuity issue - once submissions were possible the correct course of action would have been to submit each month independently rather than five months payment in month 5. This has given rise to deductions that would not otherwise have been due.

Policies:

Council should have a schedule of review of policies and procedures. Some policies state they will be reviewed on historical dates. Whilst it isn't necessary to review all policies frequently, once this has been agreed by Council it must be brought back on the date specified. Longer dates where statutorily possible would mean review dates would not be missed. (Code of Conduct/Data Protection as examples).

The Financial Regulations adopted are not suitable for the Council now that it exceeds £25,000 a year. Council should satisfy itself that deletions/amendments to the model document provided by membership to NPTS are understood by Councillors, in areas that are not lawfully binding and serve the Council.

Council is missing policies that must be held – for example an I T Policy and a Data Audit are both required.

Other Matters

If Council resolves to exclude press and public due to the confidential nature of business to be transacted any decisions must still be minuted. They can be minuted in such a manner to obscure discussion, they can refer to reports, however the decisions of the Council must still be minuted – confidential minutes are not permitted at Parish level. The SLCC do legal topic notes on this matter for guidance.

Council has not reviewed risk/Internal Controls during the year under examination.

Council has Section 137 money available – for 2026/27 £11.60/elector. Whilst this is the category of 'last resort' Councillors should be advised of the limit available to them annually as it changes every year. Any Section 137 payments must be detailed as such in the minutes – I note there were no Section 137 payments identified in 2025/26.

There is some very good work being undertaken at Fleggburgh, but the necessary decisions and documents to prove what has been done are not evidenced. Minutes should record all decisions, financial documents should be summarized within the minutes or available as signed copies to produce for audit purposes.

My notes to support the 'no's' on the internal audit form follow.

I would recommend to Council that they Agree 'no' for the following items on the Governance statement:

5. No review of risks (Risk assessments) took place during the year.
10. Council still has some of the policies required that need to be adopted.

Sarah Hunt
Internal auditor

NOTES TO AUDIT FLEGGBURGH PARISH COUNCIL 2025-2026

Undertaken by Sarah Hunt

I have answered 'no' on the Internal Audit form for the following reasons.

Statement C.

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Employers Allowance was claimed. Payments were not processed monthly.

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