

Mr Daniel Guise
Clerk to Ansdell and Fairhaven Parish Council

19th June 2026

**To the Chair and Members of Ansdell and Fairhaven Parish Council
Internal Audit of Accounts for the Financial Year ending 31st March 2026**

I have concluded the annual independent Internal Audit of the Council and, as required, I have signed the Internal Audit Section of the Annual Return for Local Councils.

It should be mentioned at the outset that the Parish Council was established in May 2025 and this is the first audit to be undertaken. As such, it is reasonable to expect that some policies, procedures and processes are not fully implemented. In addition, the Parish Council have been without a permanent Clerk/RFO for approximately half of the municipal year, which can create governance breaches such as, lack of statutory policies, impartial advice and the provision of information required for effective decision making and implementing the decisions of the Council.

The appropriate controls supporting the governance framework have not been in place and this is explained in the information that follows.

This report and its recommendations are intended to provide a supportive framework to help and assist the Parish Council moving forward. It is no way intended to criticise past decisions or the excellent work it has already undertaken since its inception.

The Internal Audit has been carried out electronically, using documents supplied by the Clerk in addition to those present on the website.

By way of background, I am CiLCA qualified, hold the Principles of Internal Auditing Local Councils qualification and have extensive banking experience. As the Councils' appointed internal auditor, I confirm that I am independent of the Council.

My internal audit primary role is to provide assurance that the Parish Councils' systems and processes are operating effectively and in line with statutory requirements. I am required to consider the evidence and test the systems and controls available, to assess if the Council has effective systems and control arrangements in place for the areas examined. In examining these arrangements, emphasis has been placed on compliance with a number of the Parish Councils' key governance directions, its management of risk, and its financial controls. Consideration is given to the size and scope of activities undertaken by the Council.

For the year-end financial statements, an inspection is carried out to verify there are no significant financial management or control matters that may impact on the Annual Internal Audit Report assessments, made at the time of the review. The internal audit should be informative to the Council, it is not designed to offer assurance over the completion of the AGAR Sections 1 & 2, responsibility for the accuracy of these submissions' rests with the Council.

Where weaknesses are identified during the internal audit process, which impact on governance and internal control, recommendations are made.

The responsibility for the prevention and detection of fraud, error and non-compliance with the law or regulations rests with the Council. The internal audit should not be relied upon to disclose all material mis-statements or fraud, errors, or instances of non-compliance, as may exist.

In the Section below I have recorded my Annual Internal Audit Report (AIAR) responses and offered some comments by way of explanation for these. Members need to be mindful that this assessment is of systems and control during 2025/26 to the time of the audit review.

Internal Audit Assessment

The table below follows the format of the AIAR section of the AGAR, for each section questions have been raised in order to establish the systems and control arrangements. The responses, along with the supporting evidence provided, has allowed review, challenge, examination and assessment.

AGAR (AIAR section) Internal Control Objective, Internal Audit assessment and related comments	Yes /No
A. Appropriate accounting records have been properly kept throughout the financial year.	No
<p>Based on the review of the Council minutes, the systems and supporting records, the Council has not put in place effective procedures to accurately and promptly record all financial transactions. It has not maintained up to date accounting records throughout the year, together with the necessary supporting information.</p> <p>Payments have not always been shown on the agendas and approval has not always been recorded in the minutes.</p>	

AGAR (AIAR section) Internal Control Objective, Internal Audit assessment and related comments	Yes /No
<p>Effective management and control over the Council’s finances have not always been present, payments made should be verified, scrutinised and formally approved.</p> <p>The current payment process as reviewed, is effective and a controlled on-line payments approval process operates with the Clerk submitting payments, for approval by two signatories. As an emergency provision, the Chair also has authority to input payments.</p> <p>There have been at least two occasions, where the amounts reimbursed to Councillors has been rounded up or down to the nearest pound. Councillors should be reimbursed for the exact amount.</p> <p>It is noted that the Council have a Finance Committee and it should be established exactly what tasks they will perform, then clear guidelines are set.</p> <p>A separate column for Section 137 payments should be listed in the cashbook.</p> <p>It is noted from the minutes that in January 2026, there was a request made for financial information to be updated more regularly and in February 2026 the precept increase was queried. It is also noted that in March 2026, the Council committed to strengthening financial transparency, including tracking expenditure. As custodians of public money, there is an expectation that Councils are legally bound to uphold strict standards of openness, accountability, integrity and transparency which are the fundamental principles behind all Council activity. All Councillors should have an accurate up-to-date picture of the budget and finances.</p> <p>The year end bank reconciliation is agreed and accurate figures are inserted on the AGAR, Section 2, line 8.</p> <p>MINUTES</p> <p>I discussed signing of the minutes with the Clerk who confirmed that at future meetings, all minutes would be signed/initialled on each page at the meeting in which they are approved, as in accordance with the Local Government Act 1972, Schedule 12 Section 41 (1,2). The Parish Councils Standing Order number 12 (c) refers to this.</p>	

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<p>B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.</p>	<p>No</p>
<p>The minutes confirm that the Financial Regulations were readopted at the May 2026 meeting and they are the new version updated in 2025, to reflect The Procurement Act 2023 and The Procurement Regulations 2024, which came into force in March 2025.</p> <p>The minutes also confirm that the Standing Orders were readopted at the same time as the Financial Regulations above using the NALC updated Model Standing Orders which include revisions to Standing Order 14 (Code of Conduct) and 18 (Procurement) alongside adopting gender neutral language.</p> <p>Based on a sample examination of a number of payments selected from the cashbook, confirmation has not been gained that the payments made are supported by invoices or payment requests. Copy invoices, payment requests, or other supporting information for transactions are not always held on file. The Clerk has however, managed to obtain most of the missing invoices to complete Council records.</p> <p>A tendering process is defined in the Financial Regulations.</p> <p>The Parish Council do not use a debit card.</p>	
<p>C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</p>	<p>Partly</p>
<p>The Council do not currently have a Risk Register document in place which is a statutory audit requirement; however, the Clerk confirms that he has now drafted a document for approval and adoption by the Council, which will be discussed at an upcoming meeting. This document should detail all risks faced by the Council along with the controls and actions to mitigate these risks.</p> <p>The Clerk advises that the Parish Council held a number of Community Events in the audit year and the minutes confirm this. Evidence has been seen which shows that an Event Management Plan/Risk Assessment was in existence for the Christmas Lights Switch On event and the Community Day. A Fundraising Ball does not appear to have had such documents in place.</p> <p>Robust Event Management Plans and Risk Assessments are absolutely essential for all Council held events. As an event organiser the Council is</p>	

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<p>legally obliged to ensure the health, safety and wellbeing of the staff, volunteers, contractors and the general public, in accordance with the Health and Safety at Work Act 1974.</p> <p>The Event Management Plan should incorporate items such as, who will oversee the event, contact details and individual responsibilities. If contractors are used, they should be asked to forward their own risk assessments and evidence of public liability insurance. Traffic management procedures, emergency procedures, first aid points, lost children and defibrillator points should be included, followed by a Risk Assessment covering items such as weather, tripping hazards and other incidents. It is about identifying potential hazards, planning how you would deal with them, and recording measures to control the risks.</p> <p>Whilst “Martyn’s Law” is not yet in force and Councils are not legally required to comply, they are encouraged to prepare and familiarise themselves with the statutory guidelines. In respect of the Parish Council, it would apply to public events where 200 people or more are expected to gather.</p> <p>All expected insurance policies for the public liability, employers’ liability and fidelity guarantee are in place and values are consistent with the risks covered. The items listed on the Asset Register do not appear to be insured and the Clerk confirms this will be attended to.</p>	
<p>D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</p>	No
<p>The annual precept request was underpinned by an annual budget.</p> <p>A budget setting process operated through the year that identified the funding need, based on activities and commitments. The precept has been set in accordance with the agreed and approved budget requirement and has been approved by the full Council. The budget covers all of the Councils’ activities, income sources and expenditure. However, the Council have increased the precept by approximately 20% but appear to have failed to consider that a large amount of funds from the previous year’s budget remains unspent.</p> <p>The current year-end general funds balance of approximately £83,000 is disproportionate to the annual expenditure.</p>	

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<p>The Clerk does confirm that there is a portion of funds that are earmarked for specific projects, namely the Christmas Lights and a Neighbourhood Plan however, that only accounts for approximately £11,000. 00.</p> <p>For good financial health it is normally recommended a balance at year end representing about 26 weeks of payments, however, this can typically be between 3 and 12 months expenditure, as a general reserve to cover contingencies and cash flow issues.</p> <p>Councils have no legal powers to hold revenue reserves other than those for reasonable working capital needs or for specifically earmarked purposes. Whenever a Council's year-end general reserve is significantly high, an explanation should be provided to the auditor. Earmarked reserves, which are set aside for specific purposes and are for savings for future projects, should be realistic and approved by the Council. However, the amount of the general reserve should be risk assessed annually and approved by the Council.</p> <p>Earmarked reserves have no upper limit however; these should be periodically reviewed to ensure they remain relevant and sufficient for their designated purpose. It is best practice that a Reserves Policy should be in place and it is recommended that this is drafted, approved and adopted as soon as practicable.</p> <p>Where the level of the general reserve falls outside of the acceptable range, the following year's budgetary process should aim to resolve this situation. Where the difference is significant, it may not be acceptable to resolve the situation in a single annual budget cycle. Where this is the case, the Council should be considering producing a budget which improves the situation year on year, with an aim at resolving the situation over the medium term. I would define the medium term as being over three to five years.</p> <p>In accordance with the Councils' Financial Regulations 4.10, budget comparisons should be carried out at least quarterly and provided to all Councillors. Monitoring the budget on a regular basis gives the Council a good overview of their financial position and ensures that public money is spent effectively. Overspends and underspends can be identified at an early stage and it can also establish if any budget reallocations are required.</p>	
<p>E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.</p>	<p>Yes</p>

AGAR (AIAR section) Internal Control Objective, Internal Audit assessment and related comments	Yes /No
<p>The Council received limited income beyond the precept, as it is in its first year of operations.</p> <p>VAT is appropriately recorded in the updated cash book and the Clerk confirms that no VAT reclaims have yet been prepared and submitted. He intends to undertake the return, once the year-end figures are completed.</p> <p>The Council do not raise fees that attract VAT.</p>	
F. Cash payments were properly supported by receipts, all cash expenditure was approved and VAT appropriately accounted for.	Not Covered
<p>The Council does not operate a petty cash system.</p>	
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
<p>Payments made to the Interim Clerk were approved and evidence shows that they were in line with the appropriate spinal point on the NJC scale. The payments made to the Clerk were in accordance with agreed terms and relevant employer liabilities have been paid.</p> <p>The new Clerk confirms that a contract of employment is in place. The salary payable to the Parish Clerk has been approved by Members. The Council uses the HMRC PAYE Tool to facilitate salary processing.</p> <p>The Clerk confirms that the Parish Council is not registered with the Pensions Regulator. This is a mandatory requirement as the Council has Auto Enrolment Duties with The Pensions Regulator. Re-declaration must take place every three years. It is recommended that this is fulfilled as soon as practicable.</p> <p>The Council does not pay a direct Chairmans allowance.</p>	
H. Asset and investments registers were complete and accurate and properly maintained.	Yes
<p>All material assets owned by the Council are maintained in an Asset Register.</p> <p>The Councils' assets are not appropriately insured however; this has been brought to the attention of the Clerk who aims to rectify this.</p>	

AGAR (AIAR section) Internal Control Objective, Internal Audit assessment and related comments	Yes /No
I. Periodic bank account reconciliations were properly carried out during the year.	No
<p>There is no evidence that bank reconciliations were carried out during the year under audit. The Councils Financial Regulations stipulate that at least once in each quarter, a member shall be appointed to verify bank reconciliations. My recommendation would be that they are carried out on a monthly basis to ensure accuracy, transparency, public money is safeguarded, good governance and any discrepancies are highlighted and corrected at an early stage.</p> <p>A full audit and accountability trail should be present.</p>	
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
<p>This is the first year that the accounts have been compiled and they were correctly compiled on the basis of receipts and payments. The accounting process as currently reviewed is effective and appropriate; the accounting statements agree to the cash book and are supported by an adequate audit trail from underlying records and explanations.</p>	
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.	N/A
<p>The Council has only been in existence since May 2025 and as such, this is not applicable.</p>	
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.	N/A
<p>As above, this section is not applicable.</p> <p>For information, the Government introduced two transparency codes, one for larger Councils with an annual turnover exceeding £200,000 and another for smaller Councils with an annual turnover not exceeding £25,000. Although the Transparency Codes specifically mandate compliance from Councils within</p>	

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<p>these turnover brackets, it is strongly encouraged that all Parish Councils with annual turnovers under £200,000 adhere to the transparency code of smaller authorities as a minimum. This also ensures a high level of transparency, the aim being to enable local electors and precept payers to access relevant information about the Councils' accounts and governance.</p> <p>Expected information to be displayed includes:</p> <ul style="list-style-type: none"> • All items of expenditure above £100.00 • End of year accounts • A list of Councillors and responsibilities • Meeting agendas and minutes • The details of public land and building assets. 	
<p>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 (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).</p>	<p>N/A</p>
<p>As above, this section is also not applicable.</p>	
<p>N. The authority has complied with the publication requirements for the 2024/25 AGAR (see AGAR Page 1 Guidance Notes).</p>	<p>N/A</p>
<p>Again, as above, this section is not applicable this year.</p> <p>For information, smaller authorities must publish various documents on a publicly available website as required by the Accounts and Audit Regulations 2015, the Local Audit (Smaller Authorities) Regulations 2015 and the Transparency Code for Smaller Authorities. These include:</p> <ul style="list-style-type: none"> • Annual Internal Audit Report. • Section 1 – Annual Governance Statement. • Section 2 – Accounting Statements. • Analysis of variances. 	

AGAR (AIAR section) Internal Control Objective, Internal Audit assessment and related comments	Yes /No
<ul style="list-style-type: none"> • Bank reconciliation. • Notice of the period for the exercise of public rights and other information required by Regulation 15 (2), Accounts and Audit Regulations 2015 together with the notes which accompany the notice. • Notice of conclusion of audit. 	
O. The authority has complied with laws, regulations & proper practices relating to digital and data compliance	No
See Assertion 10 below.	
P. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Not Applicable
The Council (as a body) does not have trust or charitable responsibilities.	

Assertion 10 – Digital and Data compliance.

2026 is the first year that the Parish Council will complete an AGAR including Assertion 10 with the requirement for Councils to demonstrate compliance with digital data protection and IT security. It requires Parish Councils to comply with the UK General Data Protection Regulation and the Data Protection Act 2018. Councils must process personal data lawfully, fairly and in line with UK GDPR principles. In reality, this means Councils should have a general understanding of all of the personal data they process, their purpose for processing it, where it is stored, whether that data is shared and ultimately, when the data is deleted. The areas tested are shown below:

1. Domain/Email – In accordance with Assertion 10, the Council currently uses a Council owned domain for its official email and website. This provides an elevated level of security, can only be used by authorised organisations and improves GDPR, Freedom of Information and Subject Access Requests.
2. An IT policy is not in place; this is a mandatory requirement for all Councils under Assertion 10. **It is recommended that this is approved and adopted as soon as practicable.**

3. Website Accessibility/Transparency – The Council website exists and an accessibility statement is present, which was last reviewed in May 2026. The Council confirms it meets accessibility standards required.
4. Data Protection awareness – The Clerk confirmed that the Parish Council do not currently have any data protection policies in place. There are a range of statutory policies that are missing. In addition, it should also have in place a Model Publication Scheme, a Data Breach Policy together with a Data Breach Log, a Subject Access Request disclosure log and a Freedom of Information policy. **It is recommended that all statutory policies are formally adopted by the full Council as soon as practicable, to prevent this becoming a compliance risk.**

Based on the information available, the Councils' internal controls require significant improvements to meet the standard required by The Smaller Authorities Proper Practices Panel. Key governance and transparency policies are currently missing. With the absence of a Clerk, most of the statutory duties fell to new volunteers to complete, there is however, a great deal of willingness to improve this before the next Annual Governance and Accountability Return.

During a portion of the year, in the absence of a Clerk, the Chair has assumed those responsibilities. Section 1.9 of the Practitioners Guide 2025 states that the Chair of the authority must never be appointed (even on a short-term basis) to perform this role. This situation has now been rectified with the appointment of a permanent Clerk.

Throughout the year under audit, the Parish Council have undertaken a vast amount of work to promote Community cohesion, Community engagement and build connections with the local Community and local businesses. It has successfully navigated its first year delivering services, engaging with residents, managing a budget, delivering Community events and transitioned from its initial set up into a functioning authority. The initial successes should be highlighted whilst setting out a phased strategy for governance improvements over the next year.

The next steps to take the Council forward should be to work towards establishing and maintaining robust systems of internal control, policy and governance. It should implement a governance framework which will reduce risk, enhance public trust and build a more resilient Council for the future.

I would recommend that an Action Plan is put in place to be an agenda item until all outstanding elements are implemented. Beyond just compliance, this will create a structure that outlines priorities and establishes clear goals.

Considering that the Council has functioned without a Clerk for the majority of the year, Councillors should be commended for their work to date.

As members of Lancashire Association of Local Councils and The National Association of Local Councils, the Parish Council can draw upon them to provide valuable help, guidance, news, documents and updates, specialist template documents, guides and procedural documents. In addition, if not already a member, it may be beneficial for the Clerk to be a member of the Society of Local Council Clerks, the professional body for local Council Clerks who again, provide valuable information on essential local government legislation, policy and best practice materials.

Finally, I would like to thank the Clerk for his invaluable assistance in completion of the audit. Having only been in post for a short time, the high standard of requested information provided, the immediate responsiveness and diligence of the Clerk, made the process straightforward, efficient and positive. He is also to be commended for his excellent conscientious work, in particular the level of detail he has provided is outstanding and the Council will be in safe hands moving forward.

Should you wish to discuss any element of the report, please do not hesitate to contact me.

Best wishes

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