TOWEDNACK PARISH COUNCIL

INTERNAL AUDIT REPORT

YEAR ENDING 31ST MARCH 2026

Prepared by: Aalgaard Renshaw Business Solutions Ltd
Date of final Inspection: 31st May 2026

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Internal Audit Regulation

All town and parish Councils are required, by the provisions set out in ***The Audit Commission Act 1998*** and ***Accounts and Audit Regulations*** *(issued from time to time under the Act) to arrange for an independent internal audit examination, to be undertaken in respect of the authority's accounting records and system of internal control. The conclusions of the said examinations are, thereafter, reported at Section 4 of the authority's Annual Return for the relevant year.*

Internal auditing is defined as "an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its' objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

Aalgaard Renshaw Business Solutions Ltd was appointed as the Internal Auditor by Towednack Parish Council, for the Municipal Year 2025/26.

The Internal Audit Review was undertaken after the year end. This audit included compliance and substantive testing to ensure that the control objectives are being met.

The Audit does not guarantee that the accounting records are free from fraud or error.

This report details the scope of the assessment undertaken in relation to Towednack Parish Council for the 2025/26 financial year. This assessment was undertaken on 10th May 2026.

Methodology

When undertaking the Internal Audit for the financial year 2025/26 regard has been given to the materiality of the authority's transactions and the potential for mis-recording or misinterpreting the same in year- end Statement of Accounts/ Annual Return.

Aalgaard Renshaw Business Solutions Ltd operates an investigatory programme, designed to provide the requisite level of assurance that the audited authority has appropriate and robust financial processes in situ, which ensure that transactions are enacted with both efficacy and integrity and which provide a reasonable probability that any material errors, or possible abuses of organisational, or national, regulatory frameworks are easily identifiable.

The Internal Audit programme applied by Aalgaard Renshaw Business Solutions Ltd also facilitates the completion of the Internal Audit Report, which forms part of the authority's Annual Return document.

Assertion 10

It is noted the Parish Council have adopted an IT policy approved in the net Financial year so have started taking measures towards being compliant with the new rules and regulations. Consideration should be given to email address and that Councillors email addresses are changed during the 2026/27 Financial Year so as to comply with "Assertion 10"

Observations and Conclusion

Having undertaken a comprehensive Internal Audit of Towednack Parish Council's accounting records and system of internal control, we have concluded that, based on our inspection, the Parish Council has maintained an effective system of internal control arrangements for the accounting period 2025/26.

The Parish Council's 'Internal Audit Report', part of the Annual Return, has been duly completed and signed.

Acknowledgement

Aalgaard Renshaw Business Solutions Ltd would like to take this opportunity to thank the Members of Towednack Parish Council for their instruction to undertake their Internal Audit. Thank you to the Clerk/RFO, Michael Mills for assistance and co-operation.

Jacquelyn Peskett

Aalgaard Renshaw Business Solutions Ltd

Overview of Council and Corporate Governance Statement

Terms of Engagement		Ref	Notes
1.	Review Terms of Engagement; confirm that engagement is appropriate to this financial year.	n/a	Engagement by Email; 16th March 2026.
2.	Confirm the professional independence and competence questionnaire has been completed and agreed with the client.		N/A
3.	Agree Internal Audit fee with client.	n/a	Agreed a cost of £150.00 (plus VAT).
4.	Agree attendance date.	n/a	Agreed by telephone; work undertaken at the ARBS office electronically.

Planning Notes		Ref	Notes
5.	Precept sum	Minutes	£14,814.00
6.	Other Income (Total)	n/a	£15,447.48
7.	Key Personnel	n/a	Michael Mills (Clerk & RFO).
8.	Type of Manual Accounting in Place	n/a	Using the Semata accounting programme. The Internal Auditor viewed the breakdowns on an Excel spreadsheet.
9.	Any significant changes to staff/ procedures since previous Internal Audit?	n/a	No.
10.	Are there any matters arising from the last Internal Audit and/ or Management Letter?	n/a	No.
11.	Have there been any matters arising from discussions with Council, including whether there is any evidence of fraud/ material mis-statement?	n/a	No.
12.	Key high risk/ expected problem areas?	n/a	None identified.

Observations	***Satisfactory no issues identified***

Corporate Governance Statement

Area	Response (please provide detail below or on supplementary pages)
Please confirm whether or not Standing Orders and Financial Regulations are in place. **If so, when were they last updated and formally adopted by the Council?** **(Please provide an electronic copy of both).**	Financial Regulations were reviewed and re adopted at the meeting held on 28th May 2024 (Minute reference 8(b) refers). The updated version is not displayed on the website as at the time of undertaking the Internal Audit it still shows ad updated in 2019. Standing Orders have been verbally discussed however, there is no evidence from the Minutes that these have been re adopted. At the time of undertaking the Internal Audit, the website still shows 2019. ***The Internal Auditor has since been advised that they are to be reviewed and re adopted May 2026.***
Where original minutes are not provided for our examination, please confirm that each page of the master copy is signed or initialed by the Chairman at the subsequent meeting when they are approved.	Original Minutes were provided and are shown to be signed in accordance with the terms and conditions of the Local Government Act 1972; Schedule 12. Para 41(1). The Clerk has confirmed that Minutes are signed once approved.
Does the Council meet the criteria for adoption of the General Power of Competence and, if so, has it been adopted. Please confirm minute reference and date. **If reliance is still placed on S.137, etc., when considering the approval of grants and donations to local (and other) bodies, are the relevant powers considered and formally minuted?** **Where detail of powers relied on is only set out on an agenda paper, please provide an example.**	It is noted that this has changed from 1st May 2025, and they now meet the requirement. N/A.
Please confirm that all internal and external audit reports are presented to and agreed by members, also with agreement on the actions to be taken to address any issues identified. Again, please provide detail of the relevant meeting and minute reference.	The Internal Audit report was considered at the meeting held on 27th May 2025 (Minute reference 12(d) refers). It is minuted that recommendations were noted. The External Audit report does not show in the minutes as having been discussed. ***The Internal Auditor has been advised by the Clerk that it was received August 2025 with the following observations.*** " Boxes to 6 in the prior year do not add up to Box 7 by £1. Rounding should be checked to ensure not only the correct figure is used for box 7 but the numbers add up correctly. The inspection period for the exercise of public rights was more than 30 working days. The regulations are specific and providing too many days should be avoided."

Has the Council reviewed an updated version of the financial risk assessment and formally approved its re-adoption (Governance and Accountability Manual – 2014 refers)	Not evidenced from Minutes.
When approving payments for release, do those members signing cheques examine and sign / initial individual invoices. Please provide a brief description of the approval process from receipt of invoice through to release of funds.	A list of pending payments is circulated to all councillors with the Agenda prior to the monthly meeting. This document contains the bank balance as at 1st of month in addition, Internet banking. Those payments approved are then put on internet banking (Unity Bank) as a pending payment by the Clerk. Councillor then notified to approve payment (2 signatories required). Payments are then approved (or not) at the meeting of the full council.
Are all individual payments by direct debit, bankers' standing order or internet, if in use, similarly examined and approved for payment by members?	Yes.
Does the Council / a nominated member review the detail of bank reconciliations routinely throughout the year and verify detail to underlying cashbooks and bank statements (Governance and Accountability manual refers)	Not evidenced from Minutes.
Please provide a brief description of the approach taken to the preparation and approval of the Annual Budget and Precept.	At the meeting held on 30th September 2025 (Minute reference 10(b) Consideration of financial performance to date and initial thoughts on the budget (to be finalised by December meeting) The Clerk had circulated performance to date figures which indicated that expenditure for the year was likely to be within budget. The Budget is finalised prior to the December meeting. It is added as an Agenda item to consider the budget. Councillors have a draft budget containing figures for previous year, year to date and suggested next year figures. These are working figures only. The document allows councillors to see a projected precept figure which adjusts as budget headings are changed
Does the Council formally consider and approve the level of reserves (General and Earmarked Funds) to be carried forward to the next financial year? **(Such consideration should be minuted formally).**	Not evidenced from Minutes.
Has a physical examination / verification of the Councils stock of assets been undertaken recently?	Verification shown on asset register dated 31st March 2026, the total Asset value £61,103.00
Are asset values based on purchase cost net of VAT (where known)? Where detail of the purchase cost is unknown, asset values should be reported on the Annual Return at the same value as the	Where known, cost.

previous year, except where new assets are acquired or disposed of.	
Does the Council act as Sole or Custodial trustees of any charitable funds? If so, are the transactions excluded from the Annual Return financial detail at Section 2?	No.

Observations	***The Parish Council needs to review2 and update both Financial Regulations and standing Orders.*** ***The discussion of the Internal Audit is not mentioned in the Minutes although the Clerk confirms that it was received on 27th August 2025 (comments shown above).***

Professional Independence and Competence Questionnaire

The internal audit function must be sufficiently independent from the management of financial controls and procedures of the council which are the subject of review. The person or persons carrying out internal audit must be competent to carry out the role in a way that meets the business needs of the council. The two key principles, which councils must follow in setting up their internal audit function are; **independence and competence.**

Independence	
Do you have any specific reliance on the fee to be earned from this assignment	No
Overdue fees	
Does the client/group of clients owe the firm any money which exceeds our normal credit terms?	No
Litigation	
Is there any actual or anticipated litigation between us and the client in relation to fees, audit work or other work?	No
Associated firms	
Are you or your staff associated with any other practice or organisation which has had any dealings with the client council?	No
Family or other personal relationships	
Do you or any of your staff have personal or family connections with the council or its officers?	No
Mutual business interest	
Do you or any of your staff have any mutual business interests with the client or with an officer or employee of the client?	No
Financial involvement	
Do you or your staff, or anyone closely related to you or any of your staff, have any financial involvement in the client in respect of the following:	
Any beneficial interest in shares or other investments?	No
Any loans or guarantees?	No
Goods and services: hospitality	
Have you or any of your staff accepted materials, goods or services on favourable terms or received undue hospitality from the council?	No
Ex-partners or senior staff	
Has any senior officer of the council been a partner or senior employee of the practice?	No
Is the partner or any senior employee on the audit team in negotiations to join the client?	No
Long association	
Have you been acting for more than 10 years? If yes, then consider rotation/engagement quality review.	No
Provision of other services	
Do we provide any of the following services to the client:-	
Accounting services, book-keeping or payroll services	No
Staff secondments	No
IT services where we are involved in the design, provision or implementation of systems	No
Specialist valuations which are included in the accounts	No
Tax compliance work or tax planning	No

Section 1 – Maintenance of Accounting Records & Bank Reconciliations

Internal Control Objectives

	Control Objective	Comments
A	Has the RFO been appointed with specific duties? (S.151 LGA 1972)	Not requested by the Internal Auditor.
B	Appropriate records of account have been properly kept throughout the year	The Council's Financial regulations confirm that a proposed contract for the supply of goods, materials, services and the execution of works with an estimated value of less than £25,000 shall be procured on the basis of a formal tender as summarised.
C	Closing Cashbook Balance	3 accounts held with Unity Bank. Deposit Account £305.59 Cemetery Account £5,900.53 General Account £3,915.06
D	Formal, year-end, Bank Reconciliations were carried out.	Yes, this is clearly documented and easy to follow from the Excel spreadsheet.

2. Review of Corporate Governance

	Control Objective	Comments
E	There are appropriate governance arrangements in place to help ensure compliance with extant legislation and that no decisions are taken that may result in unlawful, or unbudgeted costs.	It is noted that the Council has prepared and adopted both Standing Orders (S/O's) and Financial Regulations (F/R's however, they need to show updated dates of review on their website.
F	The Council's Financial Regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	A sample of payments were examined. All had been processed appropriately and were in accordance with the terms and conditions set out in the Council's Financial Regulations.
G	Procurement	The Council's Financial regulations confirm that a proposed contract for the supply of goods, materials, services and the execution of works with an estimated value of less than £25,000 shall be procured on the basis of a formal tender as summarised point 11(b).
H	Clarity of Records	Financial Records were easy to find and follow; filed in an appropriate manner and; appeared to be complete and fit for purpose.
I	Precept Setting 2026-27	The draft budget was discussed at the Parish Council meeting held on 25th November 2025(Minute reference11(b) refers. It was set at £15,123 and approved.

Observations	***Satisfactory no issues identified***

3. Review of Expenditure

	Control Objective	Comment
J	Payments	All payments are supported by Invoices. Authorised and Minuted.
K	Procurement of services above the 'de minimis' Amount	N/A
L	VAT	It is noted that a refund of £253.98 in respect of VAT is shown on the accounting sheet as being paid in to the Bank Account on 13th March 2026.
M	S.137 Expenditure (LGA 1972)	N/A
N	Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for	The Parish Council does not hold Petty Cash.
O	Clerk's Expenditure	This is clearly evidenced on the monthly payment schedule and supported by invoices.

Observations	***Satisfactory no issues identified.***

4. Review of Income

	Control Objective	Comment
P	The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate	Yes. There is a clear record of Budget versus actual, this is presented to full Council.
Q	Expected income was fully received, based on correct prices, properly recorded and promptly banked, with VAT appropriately accounted for.	Yes.
R	Are there any significant, unexplained, variances from the budget?	No.

Observations	***Satisfactory – no issues identified***

5. Review of Capital Budgeting

	Control Objective	Comment
S	Sale of fixed assets	None sold in this Financial Year.
T	Use of income from sales (de minimis £10,000)	N/A
U	Capital Expenditure	There has been no significant expenditure during this Financial Year.
V	Long-term capital budget/ rolling capital schemes	No.
W	Capital budget review (annually) date	No.

Observations	***Satisfactory – no issues identified***

6. Review of Employment Arrangements

	Control Objective	
X	Each employee has been issued with a contract of employment, with clear terms and conditions	Yes.
Y	Salaries paid agreed with those approved by the Council	Yes.

Z	Are all employees in a registered pension scheme/ have all employees been offered the opportunity to enrol in a work pension scheme	N/A
AA	Are other payments made to employees reasonable and approved by the Council	Yes, they are and all clearly documented.
AB	Have PAYE / NIC been properly operated by the Council as an employer	Identified from payment schedules.
AC	Does the Council have current, appropriate Employer Liability Insurance?	Yes – Cover provided by Zurich Municipal Policy No. YLL-2720925053 which expires 31st May 2026.

Observations	***Satisfactory no issues identified***

7. Risk Management Arrangements

	Control Objective	Comment
AD	Does a review of the minutes identify any unusual financial activity?	None identified.
AE	Do the minutes record the Council carrying out an annual risk assessment?	Not evidenced from the Minutes.
AF	Is insurance cover current, appropriate and adequate?	The Fidelity Guarantee (£100,000 limit) is Index Linked and deemed appropriate for a Council with an annual precept of £10,000.
AG	Is the Fidelity Guarantee appropriate and has it been reviewed?	The Fidelity Guarantee (£100,000 limit) is Index Linked and deemed appropriate for a Council with
AH	Are internal control systems documented and regularly reviewed?	Yes.
AI	Has the Council carried out a review of the effectiveness of internal auditing during the year?	Nothing identified.
AJ	Has appropriate action been taken regarding matters raised in reports from Internal Audit?	Not required.
AK	Have adequate measures and steps been put in place in respect of GDPR.	Yes.

Observations	***Satisfactory no issues identified***

8. Asset Register

	Control Objective	Comment
AL	Does the Council maintain a register of all material assets owned, or in its care?	Yes, a clear and comprehensive register is updated yearly.
AM	Are the assets and investments register up to date?	Yes, the total value was £61,103.00 as of 31st March 2026.
AN	Have dates of acquisitions been noted?	Not shown.
AO	Is a life estimate recorded?	No.
AP	Has the location of the item been recorded?	Where possible.
AQ	Have costs of acquisitions and enhancement been recorded?	Yes
AR	Have dates of upgrade and disposal been noted?	Not shown.
AS	Do asset insurance valuations agree with those in the asset register?	N/A

Observations	***Satisfactory no issues identified***

9. Investments and Loans

	Control Objective	Comment
AT	Have all excess balances been appropriately and prudently invested in appropriate accounts for safeguarding? (LGA 2003 and guidance issued by the Secretary of State).	N/A
AU	Does the Council have, documented and approved, appropriate recovery actions for unpaid debts/ writing off, of irrecoverable debts process/ debt monitoring arrangements in place?	No

Observations	***Satisfactory no issues identified***

10. Audit Notices and Annual Return

	Control Objective	Comment
AV	When were these advertised to the public?	All published in accordance with required regulations

Observations	***Satisfactory no issues identified***

11. Transparency

	Control Objective	Comment
AW	Publication Method of Agendas/ Minutes	Website - Complete
AX	Publication of Annual Governance Statement	Website - Complete
AY	Public Meeting date	6TH May 2025.
AZ	List of Council Members and their responsibilities	Website - Complete
ABA	Councillors Code of Conduct/ Complaints	Website - Complete
ABB	Financial Regulations/ Standing Orders	Website – not up to date (2019)

Observations	***Satisfactory no issues identified***

12. Assertion 10

	Control Objective	Comment
ABC	Website	Compliant- www.towednackparishcouncil.gov.uk
ABD	Email address (Clerk)	Compliant – clerk@towednackparishcouncil.gov.uk
ABE	Email addresses (Cllrs)	Not compliant on all Members
ABF	IT Policy	Adopted at the meeting held on January 2026 (Minute reference 8(a) refers
ABG	Website accessibility	Compliant
ABH	Notice of Public Rights	Not compliant as incorrect dates (length of time).

Observations	***Satisfactory no issues identified***

Recommendations	*Financial Regulations need to show the updated version (adopted May 2024) on the Parish Council website.* *Standing Orders should be formally reviewed and re adopted and the updated version placed on the website.* *The Internal Audit should be acknowledged in the Minutes.* "Assertion 10" states Councils should have a Council owned Domain and Email. Currently the Members do not have this- therefore, they are not compliant. **Council-Owned Domain and Email** • Councils must use **generic, role-based email accounts** hosted on a **council-owned domain** • Free email services like Gmail, Hotmail, or Outlook are **not permitted** for official communications. Best practice encourages issuing **individual domain- based emails** to all councillors to maintain security, transparency and record retention.