Black Rose Solutions Limited

74 Leacroft Road
Penkridge
Staffs
ST19 5BU
0781 321 7576
sandie.morris@blackrosesolutions.co.uk
8th July 2026

Dear Melanie,

Cheslyn Hay Parish Council – Internal Audit 2025/26

I confirm that I have carried out an examination of your accounts and procedures, in line with the Practitioners Guide 2025 and in accordance with the requirements of the Accounts and Audit Regulations 2015.

Due to staff and timing issues, the final audit was completed remotely. This meant that a few items, which had been left for the final visit could not be covered (petty cash, burial records etc.), however, these were reviewed in 24/25 and it is believed that there have been no changes to the council's processes since then.

The has been an amendment to the annual return guidance and practitioners guide to clarify digital and data compliance. The council has made steps towards meeting these requirements, but is not yet fully compliant.

Please refer to the enclosed report for further details of the audit work covered.

I would also confirm that I am totally independent of your Council and have no contact with any Member or employee.

Yours sincerely,

S Morris

Mrs Sandra Morris ACMA

Enc
Full Internal Audit Report

Comments marked **REC** denote an issue recommended for action as it may affect the Internal Audit response on the AGAR (Annual Governance and Accounting Return).
Comments marked **note** are included for reference or information.
Items referenced **FR** – relates to clause in the council's financial regulations.
Items reference **PG** – relates to a clause in the practitioners Guide.
Items reference **TBC** – to be reviewed at the final visit

Black Rose Solutions Ltd

Internal Audit - Report

Name of Council - **Cheslyn Hay Parish Council**
Date of Audit - **6th March & 24th June 2026**

Annual Return - Internal Control Objectives

A. Appropriate accounting records have been properly kept throughout the financial year.	YES
Is the cashbook maintained and up to date?	yes
Is the cashbook arithmetic correct?	yes
Is the cashbook regularly balanced?	yes

B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	YES
Are payments supported by invoices?	yes
Is all expenditure approved?	yes
Is VAT appropriately accounted for?	yes
Does the Council hold Power of Competence?	no
If not, does the council monitor s137 expenditure against limit?	yes

C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	YES
Does a review of the minutes identify any unusual financial activity?	no
Do minutes record the council carrying out an annual risk assessment?	yes
Is Insurance cover appropriate and adequate?	yes
Are internal financial controls documented and regularly reviewed?	yes
	Review
Risk Assessment	25/02/2026
Financial Regulations	25/02/2026
Standing Orders	25/02/2026

D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	YES
Has the council prepared an annual budget in support of its precept?	yes
Is actual expenditure against the budget regularly reported to the council?	yes
Are there any significant unexplained variances from budget?	no
Does the precept recorded agree to the Council Tax authority's notification?	yes
Are reserves appropriate?	no*
Earmarked Reserves	35,954
General Reserves	51,956
Months of Income	2
Months of expenditure	2
The council holds general reserves (to cover cash flow and contingencies) below the recommended 3 to 12 months of Net Revenue Expenditure	REC

E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	YES
Is income properly recorded and promptly banked?	yes
Are security controls over cash and near-cash adequate and effective?	yes
Is the council VAT registered?	yes
Are returns submitted in a timely manner?	yes
Is VAT reclaimed on exempt business activities reviewed and considered insignificant?	yes
Are receipts for business activities within the registration threshold?	n/a
Due to completing the final audit remotely - it was not possible to review burial paperwork. However, the process was reviewed 24/25 with no issues noted.	note
The council uses a diary to control bookings. Some hirers pay via a monthly invoice in arrears, some pay in advance or on the day of the booking (and are given a receipt from a duplicate book) Receipt numbers are entered against the relevant diary entry, but invoice references are not. The Clerk controls the invoicing by running through the diary and making sure that everything is either invoiced, or has a receipt number written next to it. Internal Audit found one booking which had not been invoiced (as part of a small sample) Using a paper system means that such errors are possible, perhaps invoice numbers could also be written into the diary once they are raised to make it more obvious if anything is missed.	REC

F. Cash payments were properly supported by receipts, all petty expenditure was approved and VAT appropriately accounted for.	YES
PG.F.6 ● Physically check the petty cash and other cash floats held	**
Is all petty cash spent recorded and supported by VAT invoices/receipts?	yes
Is petty cash expenditure reported to each council meeting?	no
Is petty cash reimbursement carried out regularly?	yes
Due to performing the final review remotely it was not possible to review the year end petty cash balance.	note
During the period of review there had been some small petty cash expenditure which had not (yet) been reported to council.	REC

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
PG.G.1 ● Ensure that, for all staff, a **formal employment contract** is in place together with a confirmatory letter setting out any changes to the contract	*
PG.G.3 ● Ensure that, for a sample of staff salaries, gross pay due is calculated in accordance with the **approved spinal point on the NJC scale** or hourly rate, if off-scale, and also with the contracted hours	*
Do all employees have contracts or employment with clear terms and conditions?	yes*
Do salaries paid agree with those approved by the council?	yes
Are other payments to employees reasonable and approved by the council?	yes
Have PAYE/NIC been properly operated by the council as an employer?	yes
Does line 4 include only Salary, NI & Pension	yes
Does the council monitor off payroll working (IR35)	n/a
The clerk's contract states an SCP rate, and two different SCP ranges. The SCP rate paid, has not been increased and is not at the top of the quoted ranges. This should be clarified to ensure that pay is in line with the contract.	note

H. Asset and investments registers were complete and accurate and properly maintained.	NO
PG.H.1 • Ensure that the Authority is maintaining a **formal asset register** and updating it routinely to record new assets at historic cost price, net of VAT and removing any disposed of / no longer serviceable assets	**
PG.H.4 • Additions and disposals records should allow tracking from the prior year to the current	**
PG.H.5 • Ensure that the asset value to be reported in the AGAR at Section 2, Box 9 equates to the prior year reported value, adjusted for the nominal value of any new acquisitions and / or disposals	**
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?	yes*
Do asset insurance valuations agree with those in the asset register?	yes*
The value shown on the Draft AGAR did not match the balance brought forward plus additions less disposals, this will be investigated and corrected before publication - due to the timing of the audit, this report had to be issued before resolution could be made and reviewed.	REC
The AGAR valuation is compiled from various sources, and annual changes are substantiated with a list of additions and disposals. (This year they do not add up to the reported value carried forward) The council has consolidated various lists into a single Asset Register using insurance valuations, but the effort needed to find historic costs for older items seems excessive. The council should consolidate these lists into a single Asset Register incorporating insurance valuations and "cost" (consistent methodology used) to be included on the AGAR. PG 2.27. The value of the cell at Line 9 is taken from the authority's asset register which is up to-date at 31 March and includes all acquisition and disposal transactions recorded in the cash-book during the year. PG5.56. An asset register is the starting point for any system of financial control over tangible assets as it: • facilitates the effective physical control over assets • provides the information that enables the authority to make the most cost-effective use of its capital resources • supports the AGAR entry for fixed assets by collecting the information on the cost or value of assets held • forms a record of assets held for insurance purposes Ongoing since 2024	REC

I. Periodic and year-end bank account reconciliations were properly carried out.	YES
FR.2.6. At least once in each quarter, and at each financial year end, a member other than the Chair {or a cheque signatory} shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign and date the reconciliations and the original bank statements (or similar document) as evidence of this. This activity, including any exceptions, shall be reported to and noted by the council	*
Is there a bank reconciliation for each account?	yes
Is a bank reconciliation carried out regularly and in a timely fashion and approved by council?	yes
Are there any unexplained balancing entries in any reconciliation?	no
Is the value of investments held summarised on the reconciliation?	n/a
Cheques are signed by 3 councillors from 10 set up as signatories. The bank reconciliation is reviewed by 3 councillors, who may also be signatories. Financial Regulations require that the bank reconciliation should be reviewed by someone who is not a signatory.	REC

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
Are year end accounts prepared on the correct accounting basis (receipts and payments or income and expenditure) ?	I&E
Are debtors and creditors properly recorded?	yes
Do accounts agree with the cashbook?	yes
Is there an audit trail from underlying financial records to the accounts?	yes

K. If the authority certified itself as exempt from a limited assurance review in 24/25, it met the exemption criteria and correctly certified itself exempt	N/a
The council did not certify itself exempt	

L. The authority publishes information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	YES*
All councils - Accounts and Audit Regulations 2015 **Accounts remain published for 5 years**	yes
ICO Publication Scheme	yes*
Community Infrastructure Levy Return	n/a
Transparency Code for Larger Authorities (income/expenditure >£200k)	
Quarterly:-	
All items of expenditure above £500	yes
Procurement information (initiations to tender > £5k)	n/a
Annually:-	
local authority land	yes
grants to voluntary, community and social enterprise organisations	yes
organisation chart	yes*
senior salaries (>£50k)	yes*
constitution (standing orders)	yes
pay multiple	yes*
The council falls above the larger authority thresholds for Transparency requirements so the code details information which should be published. Freedom of Information regulations may also be relevant.	
At the time of audit the Schedule of Publications required by the Freedom of Information Act was not published. It was published immediately upon enquiry from Internal Audit	note
The staffing structure was published as at 31/3/25 - it has not yet been updated with the 2026 version.	note

M. The authority has demonstrated that during summer 2025 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations. (Evidenced by website or minutes)	YES
Approval Date (meeting)	11/06/2025
Publication Date (announcement date)	19/06/2025
Date from (commencement date)	20/06/2025
Date to	31/07/2025

N. The authority has complied with the publication requirements for 2024/25 AGAR.	YES
Notice of Period for Exercise of Electors Rights	yes
Section 1 Annual Governance Statement	yes
Section 2 Accounting Statements	yes
Notice of Conclusion of Audit	yes
Section 3 External Audit Report & Certificate	yes
Internal Audit Report	yes

O. The authority complied with laws, regulations & proper practices relating to digital and data compliance.	YES*
PG.O.1 • Ensure local authority has, as a minimum, a single generic email address on an authority owned domain.	yes*
PG.O.2 • Check that website accessibility has been tested, at least annually, and that the accessibility statement has been updated as required.	WCAG 2.1 July 2020
PG.O.3 • Check when the authority last completed a data audit.	**
PG.O.4 • Ensure the authority has prepared and formally adopted a data protection policy that is reviewed at least once annually.	Feb-26
PG.O.5 • Ensure the authority has an up to date IT policy in place.	Feb-26
The accessibility statement published on the council's website refers to WCAG v2.1 - the latest is v2.2. It states that it was last reviewed in 2020. It gives a Tiscali email address for contacting the council regarding any accessibility issues. The statement should be regularly reassessed and updated as it relates to the content added to the website as well as the original build/framework. Upon enquiry from Internal Audit the statement was updated, however it is not clear that a	note
The council has it's own named dot gov domain, however there is no "generic" email address given on the website for contact. The contact email address on the website is on the Tiscali domain, and the only other given (on the dot gov domain) contains the clerk's name. (Examples given of generic are "clerk@" or "info@") Upon enquiry from internal audit - the contact email address on the website has been updated to the clerk@ email address.	note
The council is in the process of completing a data audit.	REC

P. Trust funds (including charitable) – The council met its responsibilities as a trustee.	N/a
The council is not a trustee. Councillors are trustees of Charity ref 522639 (the council is not named). It is a dormant charity which was in the process of being closed however an issue has prevented this. Charity Commission filings are up to date.	