Executive Summary

This is a **positive internal audit report overall**. The auditor concluded that Appleton Parish Council's financial controls are **adequate and effective**, and that proper accounting records and audit trails are being maintained.

The audit opinion is **unqualified**, meaning there are no major governance or financial control failures. However, the auditor has identified **five improvement actions for 2025/26**, mainly around compliance, transparency, and record-keeping.

The most significant risks relate to:

1. Missing evidence supporting bank balances.
2. Failure to complete and record quarterly bank reconciliation reviews.
3. Website compliance issues (minutes, payments publication, accessibility).
4. VAT reclaim opportunities being missed.
5. Maintaining compliance with transparency legislation.

Priority Action Plan

HIGH PRIORITY

1. Obtain Evidence for Building Society Balances

Issue
The auditor could not verify:

- Skipton Building Society: £85,000
- Hanley Building Society: £4,975

because passbooks/statements were not available.

Risk

- AGAR evidence gap.
- Potential challenge from external auditors.
- Bank balances cannot be independently verified.

Required Action
Obtain updated passbooks or statements.

✅ Keep copies with year-end audit papers.

✅ Ensure statements are available for future audits.

Owner: Clerk/RFO

Target: Immediate

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2. Reinstate Quarterly Bank Reconciliation Checks

Issue
The December 2025 quarterly bank reconciliation review was not evidenced.

Financial Regulations require quarterly independent review by a councillor.

Risk

- Non-compliance with Financial Regulations.
- Weakens fraud prevention controls.
- Could become an external audit issue if repeated.

Required Action
✅ Create a quarterly reconciliation review schedule.

✅ Nominate reviewing councillor.

✅ Ensure reviewer signs:

- bank reconciliation
- bank statements
- review date

✅ Record review in council minutes.

Owner: Finance Committee / RFO

Target: Next quarter and ongoing

MEDIUM PRIORITY

3. Publish Missing Council Minutes

Issue
Council minutes for:

- June 2025
- July 2025
- August 2025
- September 2025
- October 2025

- Extraordinary meetings

we’re missing from the website.

Risk

- Transparency failure.
- Public accountability concerns.
- Potential breach of publication requirements.

Required Action

✅ Upload all approved missing minutes.

✅ Check no other meetings are missing.

✅ Introduce monthly website publication checklist.

Owner: Clerk

Target: Within 1 month

4. Resume Publication of Payments Over £500

Issue
Financial publication updates stopped after July 2025.

The Transparency Code requires publication of qualifying payments.

Risk

- Non-compliance with Local Authority Transparency Code.
- Public transparency criticism.

Required Action

✅ Upload all missing payment data from August 2025 onwards.

✅ Establish monthly publication process.

✅ Assign responsibility and monitoring.

Owner: Clerk / Finance Committee

Target: Within 1 month

5. Website Accessibility Compliance (WCAG 2.2 AA)

Issue
Accessibility statement last reviewed in 2020.

Current requirements are WCAG 2.2 AA.

Risk

- Legal compliance issue.
- Potential accessibility complaints.

Required Action

✅ Conduct website accessibility review.

✅ Update Accessibility Statement.

✅ Address identified accessibility failures.

✅ Schedule annual review.

Owner: Clerk / Website Provider

Target: Within 3 months

MEDIUM-LOW PRIORITY

6. Recover Missed VAT on B&Q Purchases

Issue

A B&Q purchase (£264.28) included VAT (£44.05) that was not entered into the VAT reclaim records.

The auditor suspects there may be additional missed VAT on similar purchases.

Risk

- Financial loss to the Council.
- Reduced VAT recovery.

Required Action

✅ Review all B&Q purchases during 2025/26.

✅ Obtain valid VAT receipts.

✅ Amend VAT records.

✅ Include missed VAT in next reclaim.

Owner: RFO

Target: Before next VAT return

7. Improve VAT Receipt Procedures

Issue
Historically B&Q receipts have often not been VAT-compliant invoices.

Risk

- Ongoing loss of recoverable VAT.

Required Action

✅ Require VAT invoices for all DIY/material purchases.

✅ Train councillors and working groups.

✅ Reject claims without proper VAT evidence where reclaim is expected.

Owner: RFO

Target: Immediate and ongoing

Good News / Areas Fully Compliant

The auditor specifically confirmed:

✅ Accounting records properly maintained.

✅ Budget setting process satisfactory.

✅ Reserves reviewed and appropriate.

✅ Payroll procedures compliant.

✅ Asset register maintained.

✅ Year-end accounts supported by robust records.

✅ Previous audit recommendations largely implemented.

✅ Risk management framework operating.

✅ Insurance and fidelity cover issues resolved.

✅ Cybersecurity improvements implemented.

✅ Policy review recommendations implemented.

Suggested RAG Rating for Council Monitoring

Action	Priority	RAG
Building Society statements/passbooks	High	
Quarterly bank reconciliation reviews	High	
Missing minutes uploaded	Medium	
Publish payments over £500	Medium	
Accessibility compliance review	Medium	
VAT review of B&Q purchases	Medium-Low	
Future VAT invoice procedure	Medium-Low	

Overall Audit Assessment

Audit Opinion: GOOD

The council has received a generally strong audit outcome with no material financial control failures. The focus for 2026/27 should be strengthening compliance and transparency processes, particularly around bank reconciliation reviews, website governance, and VAT administration. If the seven actions above are completed, the council should be well placed for a clean follow-up audit next year.