

Black Rose Solutions Ltd

Interim Internal Audit - Report

Name of Council - **Hednesford Town Council**

Date of Audit - **19th February 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
The council uses the Scribe accounting system - no issues noted.	

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.	
Does a review of the minutes identify any unusual financial activity?	no
Do minutes record the council carrying out an annual risk assessment?	tbc
Is Insurance cover appropriate and adequate?	tbc
Are internal financial controls documented and regularly reviewed?	yes
	Review
Risk Assessment	tbc
Financial Regulations	17/06/2025
Standing Orders	20/05/2025
The risk assessment is due to be reviewed at the February meeting	

D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	TBC
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PG.D.1 • Ensure that the full Authority, not a Committee, has considered, approved and adopted the annual precept in accordance with the required parent Authority timetable

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?	tbc
Are reserves appropriate?	tbc

The precept and budget were agreed by the Finance and Operations Committee, to be ratified at the October Full council meeting.	
The minutes of Full Council do not mention the precept. It could be inferred that the Precept was agreed as it forms part of the budget.	REC
Approval of the Precept by the Full Council is a statutory requirement under the Local Government Finance Act 1992, so it should be minuted as such.	
Reserves will be reviewed at the year end	

E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	YES
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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?	tbc
Are receipts for business activities within the registration threshold?	n/a

F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	N/a
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The council does not hold petty cash

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
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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	tbc
Does the council monitor off payroll working (IR35)	n/a
Payroll is outsourced, no issues noted	

H. Asset and investments registers were complete and accurate and properly maintained.	TBC
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Asset will be reviewed at the year end

I. Periodic and year-end bank account reconciliations were properly carried out.	YES
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?	yes

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?	tbc
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	yes
Accounts remain published for 5 years	yes
Community Infrastructure Levy Return	yes
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	no
grants to voluntary, community and social enterprise organisations	yes
organisation chart	ok
senior salaries (>£50k)	n/a
constitution (standing orders)	yes
pay multiple	no
The council falls into the large authority thresholds for Transparency requirements so the code details what should (not must) be published. Freedom of Information regulations may also be relevant.	

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)	20/05/25
Publication Date (announcement date)	02/06/25
Date from (commencement date)	03/06/25
Date to	14/07/25

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
<p>The council has chosen not to publish the template version of the Notice of Conclusion of Audit and has written a note on the webpage which contains some of the information, and refers to another document for the rest.</p> <p>This notice must also be displayed in noticeboards (where the other document would not be visible), so it would be better practice to use the standard template so all the information is in one document.</p> <p><i>The Accounts and Audit Regulations 2015 s16</i> <i>Notice of conclusion of audit</i> 16.—(1) As soon as reasonably practicable after conclusion of an audit, a relevant authority must publish (which must include publication on the authority's website) a statement of the matters set out in paragraph (2). (2) The matters referred to in paragraph (1) are— (a) a statement— (i) that the audit has been concluded and that the statement of accounts has been published; and (ii) of the rights of inspection conferred on local government electors by section 25 of the Act; (b) the address at which, and the hours during which, those rights may be exercised.</p>	REC

O. Digital and Data Compliance - (New Assertion - wording tbc)	TBC
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P. Trust funds (including charitable) – The council met its responsibilities as a trustee.	N/a
The council is not a trustee	