

Black Rose Solutions Ltd

Internal Audit - Report

Name of Council - **Hednesford Town Council**

Date of Audit - **19th February and 7th May 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.	
Two items (a transfer from reserves, and hire deposits) had been incorrectly included in box 3 - other receipts due to system issues.	note
These were corrected upon enquiry from Internal Audit	
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 24/02/2026
	Financial Regulations 17/06/2025
	Standing Orders 20/05/2025

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?	yes
Earmarked Reserves	69,617
General Reserves	71,228
Months of Income	3
Months of expenditure	3
General reserves are in line with guidance (3 to 12 months of expenditure)	

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

F. Cash payments were properly supported by receipts, all petty expenditure was approved and VAT appropriately accounted for.	N/a
The council does not hold 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
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
Payroll is outsourced, no issues noted	

H. Asset and investments registers were complete and accurate and properly maintained.	YES
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

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?	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	yes
Accounts remain published for 5 years	
ICO Publication Scheme	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.	
At the time of audit the council had an extensive Freedom Of Information statement published, however, the Publication Scheme (list of publications made by the council) was not published.	note
This was published upon enquiry.	

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
The council had 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.	note
The standard template has now been published.	

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 v2.1 Sep 2024
PG.O.3 • Check when the authority last completed a data audit.	Mar-26
PG.O.4 • Ensure the authority has prepared and formally adopted a data protection policy that is reviewed at least once annually.	Jan-26
PG.O.5 • Ensure the authority has an up to date IT policy in place.	Jan-26
The website accessibility statement was last reviewed and updated in 2024 and references version 2.1.	note
The latest version is 2.2, and the statement should be reviewed annually.	
The council completed a data audit on March 26, this will be reviewed by council at the May meeting	note

P. Trust funds (including charitable) – The council met its responsibilities as a trustee.	N/a
The council is not a trustee	