

# TOPLIS ASSOCIATES LTD.

STREETHAY LODGE  
STREETHAY  
LICHFIELD  
STAFFORDSHIRE WS13 8LR

TEL: 01543-419202

17 June, 2026

The Chairman  
Atherstone Town Council  
c/o Mr J Turner  
Locum Clerk & RFO  
P.O. Box 2000  
Atherstone  
Warwickshire  
CV9 1YN

Dear Councillor

## **Conclusion of Internal Audit of your Parish Council For the year ended 31<sup>st</sup> March 2026**

Following the completion of our work for the above year we are writing to inform the Council that having carried out the year-end review I have been able to sign the Annual Governance and Accountability Return Form 3 ("AGAR") with two minor qualifications.

The independent internal examination of the Councils governance, financial affairs and certification of the 2025-26 AGAR to the External Auditor was carried out in accordance with the standards laid out in the Accounts and Audit Regulations, 2015 and embodied in the Smaller Authorities Proper Practices Panel ("SAPPP") (formerly JPAG) Practitioners Guide 2025.

In summary, we covered the following areas in our examination:

- Proper Bookkeeping
- Financial Regulations, Standing Orders and Payment Controls
- Risk Management and Insurance arrangements
- Budgetary Controls
- Income Controls
- Payroll Controls
- Asset Control
- Bank Accounts and Reconciliation
- Year End Procedures
- Digital & Data Compliance

Registered Office as above  
Registered in England No 3219234

This year we have carried out a review of your web site to evaluate its conformance to the Local Government Transparency Code 2015 which is to be viewed as a minimum standard. We confirm your web site meets this requirement.

We carried out two reviews during the fiscal year and were accorded with full co-operation by your Clerk. Any issues which we raised with the Clerk during the conduct of our work have either been satisfactorily rectified or are noted below.

A copy of our Annual Internal Audit certification and an explanation of our "NO" responses (page 3 of the AGAR) for 2025-26 are attached. Both must be submitted to the external auditor.

We would wish to draw your attention to the "Publication Requirements" on page 1 of the AGAR

We would also wish to draw your council's attention to the following matters:

1. We note that your general reserves cover (after the exclusion of properly voted earmarked funds of £90,000) is 0.94 years. We consider this to be a comfortable level of general reserves balance at the year end. You will appreciate we are not allowed to instruct you on this matter but we have taken the liberty of attaching page 38 of the Practitioners Guide 2025 which in para 5.33 & 5.34 gives guidance on General Reserves;
2. We note that your council has not yet drawn up an IT policy. In discussion with your Clerk this matter was agreed to be requiring urgent attention. Until this task is completed your council will not be compliant with current legislation;
3. At the conclusion of our annual review we noted a small discrepancy between Budget Report expenditure and that reported on the draft AGAR. Your staff have since investigated this matter and a correction to the final AGAR has been made;
4. We noted that your debtors included one significant overdue item. On investigation it was identified as a defunct company. It was agreed that this would be written off early in the 2026/27 fiscal year. Please note that if a VAT charge was included in the original debt a proper credit note must be issued in order to recover VAT.

In respect of the new Council year we make the following additional observations and recommendations for your consideration:

1. We recommend that during the fiscal year your council should review the Risk Assessment to ensure that it still reflects the current environment. Your council should then minute its ratification;

2. During the fiscal year your council should review your Standing Orders, Publication Scheme & Financial Regulations to ensure that they still reflect the current environment. Your council should then minute that ratification. Please note that it is important that your Financial Regulations meet the standard set by those published by the National Association of Local Councils ("NALC"). New Model Financial Regulations templates were produced by NALC during April 2025. These new templates are a major rewrite of the previous (2019) version and contain a number of important legal changes. We shall always base our future internal audit plans on the version of the regulations ratified by your council. As the External Auditor will always base their audit on the version considered extant by NALC it is important that you are always closely in line with the NALC template;
3. Copies of both your current Standing Orders, Publication Scheme & Finance Regulations and Risk Assessment should be displayed on your councils web site and must show the latest date of revision and ratification;
4. You are reminded that when the council discusses, amends or ratifies significant documents copies should be made available on your web site for members of the public to view. These documents should be either appendices to published minutes and agenda papers or as separate documents on the web site (preferably with a hypertext link to facilitate ease of searching);;
5. You must discuss the appointment of your internal auditor and ratify and minute the appointment during the current financial year. We were pleased to have been your internal auditor during 2025-26 and offer ourselves for re-appointment. You may use either our company name or refer to Alan Toplis & Kim Squires by name in the minutes;
6. If your council wishes to carry forward earmarked funds at the yearend these must have been ratified by your council. This is best done at the time you draw up the next budget or at final meeting of the fiscal year.

It is your Council's responsibility to note these comments and to consider what action should be taken.

Can we take this opportunity to remind you that when the AGAR comes back from the External Auditor you do have a duty to display the accompanying notice of Completion of Audit on each of your usual notice boards and on your council's website.

The complete AGAR and any auditor's comments or qualifications should also be displayed on your web site to allow electors to see the complete card and read the External Auditors comments if they wish to do so.

*In accordance with Regulation 13 (of the Audit and Accounts Regulations), after the conclusion of the period for the exercise of public rights), the authority must publish (including on its website) the annual governance statements, statement of accounts, and the external auditor's certificate and report – Sections 1, 2 and 3 of the Annual Governance and Accountability Return. Authorities must keep copies of these documents for purchase by a person at a reasonable sum and ensure that they remain available for public access for 5 years*

Please do remember to retain a copy of the notice on file as proof that you have followed the requirements of the Local Government Act. You should also minute the External Auditors approval of the AGAR and any qualification or comments made and resolve to take action where necessary.

We will make our next visit in November but please do not hesitate to contact me should you require advice in the meantime.

Yours sincerely,

Handwritten signature of Alan Vordis in cursive script.

Reserves:

- 5.31. As with any financial entity, it is essential that authorities have sufficient reserves (general and earmarked) to finance both their day-to-day operations and future plans.
- 5.32. Smaller authorities have no specific right to accumulate funds via the precept. All reserves should be reviewed and justified regularly (i.e. at least annually). It is good practice to transparently publish both the level and rationale of all reserves.

General reserves:

- 5.33. The general reserve of an authority comprises its cash flow and contingency funds to cover unexpected inflation, unforeseen events and unusual circumstances.
- 5.34. The generally accepted recommendation with regard to the appropriate minimum level of a smaller authority's general reserve is that this should be maintained at between three and twelve months of net revenue expenditure.
- 5.35. The reason for the wide range is to cater for the large variation in activity level between individual authorities. The smaller the authority, the closer the figure may be to 12 months expenditure, the larger the authority, the nearer to 3 months. In practice, any authority with income and expenditure in excess of £200,000 should plan towards 3 months equivalent general reserve.
- 5.36. In all of this it is important that each authority adopt, as a general reserve policy, the level appropriate to their size, situation, risks and plan their budget so as to ensure that the adopted level is maintained. Consideration of the minimum level of reserves requires not only consideration of level of income and expenditure but also the risks to that income.
- 5.37. Authorities with significant self-generated income (other than the precept or levy) should take into account situations that may lead to a loss in revenue as well as increased costs and adapt their general reserve accordingly.

Earmarked and other reserves:

- 5.38. None of the above in any way affects the level of earmarked and/or capital receipts reserves that an authority may or should hold.
- 5.39. There is, in practice, no upper or lower limit to EMR/CRRs save only that they must be held for genuine and identifiable purposes and projects, and their level should be subject to regular review and justification (at least annually and at budget setting) and should be separately identified and enumerated. Significant levels of EMRs in particular may give rise to enquiries from internal and/or external auditors.

AGS Assertion 2 — Internal control

Standing orders and financial regulations:

- 5.40. Model versions of Standing Orders and Financial Regulations are provided by [NALC](#) and [ADA](#). Authorities should ensure that they are working from the latest model and

# Annual Internal Audit Report 2025/26

Etherstone Town Council

https://www.atherstone-tc.gov.uk/ AVAILABLE WEBSITE/WEBPAGE ADDRESS

During the financial year ended 31 March 2026, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2025/26 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Cash payments were properly supported by receipts, all cash expenditure was approved and VAT appropriately accounted for.	✓		
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.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
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.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2024/25, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2024/25 AGAR tick "not covered")			✓
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	✓		
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2025/26 AGAR period, were public rights in relation to the 2024-25 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).		✓	
N. The authority has complied with the publication requirements for 2024/25 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. The authority has complied with laws, regulations & proper practices relating to digital and data compliance.		✓	
<b>P. (For local councils only)</b> Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed). \*

Date(s) internal audit undertaken: 14/10/2025, 22/05/2026  
 Name of person who carried out the internal audit: A.Toplis/K.Squires - Toplis Associates Ltd

Signature of person who carried out the internal audit: *Alan Toplis*  
 Date: 17/06/2026

\*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).  
 \*\*Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

# Atherstone Town Council

## Annual Internal Audit Report 2025/26

This document is a supplement to page 3 of 6 of the Annual Governance and Accountability Return (AGAR) 2025/26, Form 3 and is intended to be read and published with that document. Copies of this document must be displayed with the AGAR and forwarded to the External Auditor.

Internal Control Objective	Response	Reason for 'No'/'Not covered' response
A Appropriate accounting records have been properly kept throughout the financial year.	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	
C This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	YES	
D The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate	YES	
E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for	YES	
F Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for	YES	
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	
H Asset and investments registers were complete and accurate and properly maintained	YES	
I Periodic bank account reconciliations were properly carried out during the year.	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	
K If the authority certified itself as exempt from a limited assurance review in 2024/25, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2024/25 AGAR tick "not covered")</i>	NOT COVERED	The authority had a limited assurance review in 2024/25
L The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	YES	
M In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2025/26 AGAR period, were public rights in relation to the 2024-25 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	NO	The authority only provided for a period of 25 working days for the exercise of public rights for the examination of accounts for 2024/25. The period required by the Accounts and Audit Regulations 2015 is 30 working days. Therefore the 'responses Council must tick 'NO' to Assertion 4 on p4 of the AGAR.
N The authority has complied with the publication requirements for 2024/25 AGAR.	YES	
O The authority has complied with laws, regulations & proper practices relating to digital and data compliance.	NO	The authority has not yet written an IT policy, but recognises the need to do this as a matter of urgency. In all other matters the authority has complied with the requirements of assertion 10. The authority should tick 'NO' on p4 of the AGAR and provide a suitable explanation to the external auditor.
P (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	N/A	