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2025/26 Internal Audit Report for Hinton Waldrist Parish Council

From Jane Olds – Internal Auditor

I reviewed the documents provided and met with the Clerk, Joanne Broughton, on 6 July via Teams and finalised the information on 8 July.

**BASIS OF REPORT**

This internal audit report is based upon the Smaller Authorities Proper Practices Panel (formerly the Joint Panel on Accountability and Governance) *Practitioners' Guide 2025* publication.

The scope of this internal audit is focused on assessing the effectiveness of the Council's internal controls and was outlined in the original Letter of Engagement. Where any such controls are found to be deficient, the internal audit will help lead to improvement in those processes.

By applying the principles of internal auditing outlined in the current Accounts and Audit Regulations and applying the approach to internal audit testing outlined above, every effort is made to ensure that all internal audits are conducted with due professional care, integrity and independence. All conclusions derived from the audit are based upon objective and traceable evidence.

Please note: it would be incorrect to view internal audit as the detailed inspection of all records and transactions of the Council in order to detect error or fraud. Internal Audit is the periodic independent review of a Council's internal controls resulting in an assurance report designed to improve effectiveness and efficiency of the activities and operating procedures under the Council's control. Managing the Council's internal controls should be a day-to-day function of the staff and Councillors and not left for internal audit. (Source: *Practitioners' Guide 2025* – Section 4).

The Council should take into account the latest edition of the *Practitioners' Guide 2026/27* for the 2026/27 financial year.

| AGAR Ref | Process | Findings | Recommendations and actions |
|---|---|---|---|
| A | Bookkeeping Arrangements | Books of account have been kept throughout the year. | Ensure that the books of account are kept up to date and a finance report made to every Council meeting. |
| A | Minutes | It was not possible to view minutes to verify that they | Ensure that the Minute book is accessible when the Internal |

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| | | were complete and had been signed / initialled as approved by the Chair of the following meeting. However, the Clerk gave assurance that this was undertaken. | Auditor undertakes their review meeting in order that checks can be made. |
| B | Council's Financial Regulations and Standing Orders are in place and were reviewed | The Council's Financial Regulations were reviewed at a meeting on 1 July 2025.<br><br>The Council's Standing Orders were reviewed at a meeting on 1 July 2025. | Ensure that both documents are reviewed regularly. |
| B | Council's Financial Regulations have been met with regard to expenditure following review of a random sample of transactions | The Council's Financial Regulations have been met in that appropriate authorisations were given for each level of expenditure.<br><br>Payments were supported by invoices, and expenditure was approved and VAT appropriately accounted for. | No further recommendations. |
| B | Payment process | Payments were made by bank transfer, approved and minuted prior to payment with three Councillors on the banking mandate. | No further recommendations. |
| B | Debit card payments | The Clerk does not hold a debit card on the Council account. | See below. |
| B | General Power of Competence | The Council adopted GPC on 15 May 2024 having met the criteria of two thirds elected Councillors and a CiLCA qualified Clerk. | No further recommendations. |
| C | Review of Internal Controls | Internal controls currently appear limited. | The Council should review its internal control provision and ensure that there is a Councillor Responsible for Internal Financial Control. |
| C | Review of Risk Assessment | The Council has assessed the significant risks to achieving its objectives using their Risk Assessment; the document was adopted at a meeting on 6 May, but the version on the website is dated 24/25. | Ensure the correct year is published on the document is to together with the date of adoption. |

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| C | Review of insurance | Insurance was reviewed on 6 November 2026.<br><br>It appears that the actual renewal was in May. | It is imperative that the Council reviews – and pays – for the insurance in a timely manner in the future.<br><br>Ensure to minute the cost and the provider in the minutes in the future. |
| D | 25/26 Budget and Precept consideration | The 25/26 Precept requirement resulted from a budgetary process which was agreed on 10 December 2024 with the amount £5,350. | Publish the proposed budget. |
| D | 26/27 Budget and Precept consideration | The 26/27 Precept requirement resulted from a budgetary process which was agreed on 8 January 2026 with the amount £10,500. | Publish the proposed budget. |
| D | Budget monitoring | Progress against the budget was monitored and minuted during the early part of the year. | Ensure that the budget is reviewed at least three times a year. |
| D | Reserves were appropriate | Reserves were accounted for but would benefit from more explanation. | As mentioned last year, while the reserves were accounted for, they were extremely limited. See below for further recommendations. |
| D | The final outturn is in line with expectations | The final outturn was materially in line with expectations. | No further recommendations. |
| E | Income controls | Expected income was received and recorded.<br><br>The correct Precept amounts were received and match the Government's report. | No further recommendations. |
| E | VAT | VAT had been appropriately accounted for in the first part of the year and a reclaim had been made in September. | Ensure that the VAT element for items such as the Parish Online invoice and the noticeboard invoices are accounted for correctly and VAT reclaimed. |
| F | Petty cash controls | Petty cash is not operated by the Council. | No further recommendations. |

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| G | Payroll controls | Salary amounts to the previous Clerk were paid in accordance with Council approvals and with appropriate deductions applied.<br><br>However, it is not clear that any submissions to HMRC have been made since October. | It is imperative that submissions to HMRC are made in a timely manner. |
| G | HMRC Registration | The Council is registered with HMRC as an employer.<br><br>However, it was not possible to verify payments after September in respect of PAYE. | As above. |
| G | Payroll rates | The current hourly rate of pay is based on the 2025/26 NJC National Salary Award (issued July 2025). | No further recommendations. |
| G | Home Working Allowance | The Home Working Allowance of £6 a week is paid. | No further recommendations. |
| G | Pensions Regulator | It is understood that the Council is registered with the Pensions Regulator. | Ensure that it is understood when and how to make the re-declaration. |
| H | Asset Controls - all material assets correctly recorded | The current asset register has recorded all material Assets at a cost.<br><br>However, it is not clear whether the new noticeboard cost is recorded inclusive or exclusive of VAT. | Ensure that assets are recorded at the cost price exclusive of VAT. Refer to section 5.57 of the *26/27 Practitioners Guide*. |
| H | Asset Controls - all Deeds and Titles have been established and shown on register | None required. | No further recommendations. |
| H | Investment Registers | No investment register was required. | No further recommendations. |
| H | Loans | The Council does not have any loans. | No further recommendations. |
| I | Bank Reconciliations | Periodic and year-end reconciliations were carried out and reviewed in the early part of the year. | Ensure that regular reconciliations are undertaken and recorded. |

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| J | AGAR Accounting Statements | The Accounting Statements prepared during the year were prepared on a Receipts and Payments accounting basis and were supported by an adequate audit trail. | No further recommendations. |
| J | AGAR Accounting Statements | Line 2 matched the Precept amount. | No further recommendations. |
| J | AGAR Accounting Statements | Lines 2 and 3 equal the total receipts in the cashbook. | No further recommendations. |
| J | AGAR Accounting Statements | Line 4 only contains staff costs. | No further recommendations. |
| J | AGAR Accounting Statements | Lines 4, 5 and 6 equal the total payments in the cashbook. | No further recommendations. |
| J | AGAR Accounting Statements | Year-end bank statements match line 8 of the Accounting Statement. | No further recommendations. |
| J | AGAR Accounting Statements | Line 9 agrees to the value of the asset register. | No further recommendations. |
| K | Limited Assurance Review Exemption | The Council met the exemption criteria for the year 2025/26. | No further recommendations. |
| L | Information published on website | The information is available. | No further recommendations. |
| L | The Council is in compliance with the Accounts and Audit Regulations 2015 regulation 13 | The Council has five years of AGARs and associated documents published. | No further recommendations. |
| L | Compliance with the Transparency Code for Smaller Authorities 2015 | As the Parish fell into the criteria for Councils below the £25k threshold, it must conform to the criteria and publish the items below. | |
| L | Expenditure over £100 is recorded on the Council website and with all information requirements | Available on the website. | No further recommendations. |
| L | AGAR Exemption Certificate | Available on the website and recorded in the minutes (minute reference: 25/19) | No further recommendations. |
| L | Section 1 Annual Governance Statement | Available on the website and recorded in the minutes (minute reference: 25/21) | No further recommendations. |
| L | Section 2 Annual Accounting Statements | Available on the website and recorded in the minutes (minute reference: 25/22) | No further recommendations. |

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| L | Explanation of significant variances | Available on the website. | No further recommendations. |
| L | Explanation of difference between Box 7 & 8 if applicable | Not applicable. | No further recommendations. |
| L | Internal Audit Report Published | Available on the website and recorded in the minutes (minute reference: 25/20) | No further recommendations. |
| L | A List of Councillors and their responsibilities | Available on the website. | No further recommendations. |
| L | Details of Public Land and Building Assets | Not applicable. | No further recommendations. |
| L | Minutes & Agenda | Available on the website. | No further recommendations. |
| M | Exercise of Public Rights for 24/25 | The Parish Council published the exercise of public rights notice on the website and noticeboard with the following dates: 3 June to 14 July 2025.<br><br>The notice was dated: 2 June 2025. | Ensure that the dates are for 30 working days including the first ten working days of July. |
| N | AGAR publication Requirements | The Parish Council complied with the publication requirements for the 24/25 AGAR by publishing Sections 1 and 2 on the website. | No further recommendations. |
| N | 24/25 Internal Audit has been published, and the recommendations have been considered and actioned | The Internal Audit had been published on the website.<br><br>It had been reviewed the previous year (minute reference: 25/18). | No further recommendations. |
| N | 24/25 External Audit Certificate has been published, and the recommendations have been considered and actioned | As the Council claimed exemption, no certificate was necessary. | No further recommendations. |
| N | 24/25 Conclusion of Audit Notice | As the Council claimed exemption, no Conclusion of Audit Notice was required. | No further recommendations. |

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| O | Website domain name and accessibility | The Council has an authority owned domain name: https://hintonwaldrist-pc.gov.uk<br><br>The website has an Accessibility Statement.<br><br>The Council has published a Privacy Notice (adopted: 6 May 2025) | No further recommendations. |
| O | Authority owned email accounts to align with GDPR principles | The Council has council-owned domain email accounts for the Clerk and Councillors which are in use. | No further recommendations. |
| O | IT Policy | The Council does not have an IT Policy. | Adopt an IT Policy which demonstrates protection of equipment and mandates for authority owned email accounts. A model document is available at section 5.122 of the *Practitioners' Guide.* |
| O | Data protection | The Council is registered with the ICO (reference: ZA501608), has an up-to-date publication scheme (date adopted: 5 May 2025). | Ensure that all data protection measures are reviewed regularly. |
| O | Transparency Code | See above | |
| P | Trust funds (If applicable) – the Council met its responsibilities as a trustee | The Parish Council does not operate as a trustee. | No further recommendations. |

**Further Recommendations:**

Following the completion of the Internal Audit, the Council should undertake a review of effectiveness as per Regulation 6 of the Accounts and Audit Regulations 2015. A blank form can be supplied.

**Training**

The Clerk and the Councillors should be encouraged to take up the training offered by OALC and SLCC to increase their knowledge and expand the Clerk's professional development. I recommend maintaining the inclusion of a regular agenda item and budget for training.

**Debit Card Provision**

As recommended both by me last year and by the previous internal auditor, the Council should reconsider the provision of a debit card. It is not acceptable for the Clerk to use their personal account for items such as the monthly 'phone charge, replacement defibrillator pads or the Microsoft Office Expenditure.  This is Council expenditure and the Council should budget for the debit card provision.

**IT Provision**

As the current laptop is four years old the Council should consider ensuring that there is sufficient IT reserve for a replacement laptop together with the provision of a mobile telephone in order that personal numbers are not publicly available and all 2 factor authentication needs can be contained on Parish Council-owned equipment.

**Reserves**

As mentioned last year, the levels of reserves are inadequate for future asset replacement including a laptop, mobile telephone, defibrillator or street furniture.  I recommend that the Parish considers the levels of earmarked reserves and agrees to adopt a full Reserves Policy which should be reviewed annually.  Guidance can be found in section 5.33 of latest edition of the *Practitioners' Guide*.

**Grants**

As mentioned last year, in order to be open and transparent, I recommend adopting a simple grants awarding policy.

**Conclusion**

The above are recommendations to help the Council improve its processes and in no way detract from the work it has already done.

I have noted that many of the actions which I recommended last year have been completed.

Hinton Waldrist Parish Council has an electorate in the region of 266 and the Precept for the year 25/26 was set at £5,350.

In general, I believe that the Council has competent arrangements in place to satisfy itself that its systems of internal financial control are transparent and effective.  There are approval and authorisation controls to minimise risk.  The audit and management trail for financial transactions is good.

This report should be included on the agenda for the next meeting of the Council and used to aid consideration of the Council's responses to the AGAR Annual Governance Statement.

I hope that this report is of help to the Council.  If you would like any further assistance or clarification, please do contact me.

*Jane Olds*

Jane Olds
Internal Auditor