

Collier Street Parish Council

Internal Audit Report: 2025-26.

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Background

Statute requires all town and parish councils to arrange for an independent Internal Audit (IA) examination of their accounting records and systems of internal control and for the conclusions to be reported each year in the Annual Governance and Accountability Return (AGAR).

We have agreed with the Clerk that the final Internal Audit for 2025-26 would be undertaken remotely and would like to again thank the Clerk for her assistance with this year's review providing all required documentation in electronic format.

Internal Audit Approach

In undertaking our review for the year, to date, we have, as previously, had regard to the materiality of transactions and their susceptibility to potential mis-recording or misrepresentation in the year-end Statement of Accounts / AGAR. Our programme of cover has been designed to afford appropriate assurance that the Council's financial systems and governance controls remain robust and operate in a manner to ensure effective probity of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory regulatory framework. The programme is also designed to facilitate our completion of the 'IA Certificate' as part of the Council's AGAR process, which requires independent assurance over several internal control objectives.

Overall Conclusion

We are pleased to again conclude that, based on the programme of work undertaken at our Interim review, the Clerk & Council have continued to maintain adequate and effective internal control arrangements throughout the year with no significant issues or concerns identified. We have duly signed off our Internal Auditor's Certificate for the 2025-2026 Financial Year.

We take this opportunity to request that this report is brought to the attention of Councillors and that their response is notified to us in due course.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

Our objective here is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in the Alpha accounts maintained by the Clerk with two bank accounts in use with HSBC Bank. We have: -

- Checked and agreed the opening balances in Alpha for 2025-26 to the closing Trial Balance and certified AGAR for 2024-25;
- Verified that an appropriate cost centre and nominal ledger structure remains in place;
- Checked and agreed all transactions for the financial year, due to their relative low volume, to the supporting HSBC Bank statements on both accounts;
- Ensured that the accounts remain “in balance” at 30th September 2025; and
- Verified the accuracy of detail in the bank reconciliations as of 30th September 2025 on both accounts ensuring that no long-standing uncleared cheques or other anomalous entries exist.

Conclusions

We are pleased to record that no issues have been identified in this review area this year warranting formal comment or recommendation.

Review of Corporate Governance

Our objective here is to ensure that the Council has a robust regulatory framework in place; that Council meetings are conducted in accordance with the adopted Standing Orders (SOs) and that, as far as we are reasonably able to ascertain as we do not attend Council meetings, no actions of a potentially unlawful nature have been or are being considered for implementation.

We have noted previously that both the SOs and Financial Regulations (FRs) were reviewed, updated in line with the latest legislative changes both being re-adopted by Council at the June 2025 meeting however we note that the documents do not appear on the Parish Council’s website. We urge the Clerk to add these documents to the website.

We have examined the Council meeting minutes for the financial year as posted on the Council’s website and provided electronically by the Clerk to ensure that no issues either exist currently or are developing that may have an adverse effect on the Council’s financial standing: we have also sought to ensure that, as far as we are reasonably able to ascertain, no actions are planned or have taken place that may be of an ultra vires nature and place the Council at risk of criticism or possible financial penalty.

We note that the External Auditor has raised a comment about the consideration of allocating more of the General Reserve to specific Earmark funds. .

Conclusions and recommendations

We are pleased to record that no issues have been identified in this review area this year warranting formal comment or recommendation.

Review of Expenditure & VAT

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- Appropriate procedures are in place to ensure compliance with the Council's Standing Orders and Financial Regulations with regard to tendering and quotation action;
- Payments are supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and/or an acknowledgement of receipt, where no other form of invoice is available;
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount;
- The correct coding and cost centre has been applied to invoices when processed; and
- VAT has been appropriately identified for periodic recovery.

We have examined a test sample of payments for the year as recorded in the Alpha cashbook for compliance with the above criteria. We noted previously that the Clerk holds an HSBC company debit card with a pre-determined spending limit of £500 and have similarly verified those transactions during the year so far.

We have noted that the Council approves payment lists through Full Council; however, the minutes do not consistently include or append a detailed schedule of payments identifying payee, amount (including VAT) and payment method. We urge the Clerk to ensure that all expenditure is accurately reported within the minutes.

We are pleased to note the positive action taken to address our previous recommendation with councillors now evidencing their review of traders' and other invoices for payment duly initialling the certification stamp that has been applied to each payment docket.

We have reviewed all payments made during May 2025 and September and February 2026 and can confirm that no issues have arisen.

We are pleased to note that VAT returns are submitted at regular intervals.

Conclusions and recommendation

We are pleased to report that there are no issues arising in this area of our review process warranting formal comment or recommendation.

Assessment and Management of Risk

Our aim here is to ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks to minimise the opportunity for their coming to fruition.

We note that the Council's comprehensive risk register was reviewed, approved and re-adopted by the Council at the May 2025 full Council meeting and have reviewed its content, which we consider appropriate for the Council's present requirements.

We have examined the Council's insurance policy for 2025-26, cover being provided to 31st May 2026 through the BHIB Council's insurance scheme and consider that appropriate cover remains in place with both Public and Employer's Liability standing at £10 million and Fidelity Guarantee at £250,000.

We also note that the Council owned play area is inspected regularly with appropriate reports prepared: these inspections are supplemented by an annual inspection undertaken by a RoSPA certified company.

Conclusions

We are pleased to report that there are no issues arising in this area of our review process warranting formal comment or recommendation.

Precept Determination and Budgetary Control

We aim in this area of our work to ensure that the Council has appropriate procedures in place to determine its future financial requirements leading to the adoption of an approved budget and formal determination of the amount of the precept placed on the parent authority, that effective arrangements are in place to monitor budgetary performance throughout the financial year and that the Council has identified and retains appropriate reserve funds to meet future spending plans. We are pleased to note that members continue to receive regular budget monitoring reports with over/under-spends and the level of earmarked reserves the subject of regular review.

We have considered the appropriateness of the level of general reserves to meet the Council's ongoing revenue spending requirements/ The residual balance exceeds the generally recognised value. We also note the External Auditor's comments about the residual balance and the consideration of earmarking certain funds.

Conclusions

We are pleased to report that there are no issues arising in this area of our review process warranting formal comment or recommendation.

Review of Income

The Council has limited sources of income, primarily the annual precept, occasional CIL moneys and other grants, bank interest and recoverable VAT. As indicated earlier in this report, we have checked and agreed the detail of such receipts during 2025-26 to the Council's bank statements and other supporting documentation, where available.

Conclusions

No issues arise in this area this year warranting formal comment or recommendation.

Petty Cash Account

The Council does not operate a petty cash account, any out-of-pocket expenses incurred by the Clerk in connection with her work for the council being reimbursed with her monthly salary payment.

Review of Staff Salaries

In examining the Council's payroll function, we aim to verify that staff salaries are paid in accordance with their Contracts of Employment and that legislation is being appropriately observed as regards adherence to the requirements of HMRC with regard to the deduction and payment over of income tax and NI contributions. To meet this objective, we have:

- Reviewed the Council's payroll preparation procedures noting that the Clerk uses HMRC's "PAYE Tools" software;
- Have ensured that the Clerk's gross salary being paid in 2025-26 has been applied appropriately by reference to the 2025-26 payslip detail;
- Noted that the Clerk's salary was correctly increased in line with the 2025 pay award.
- Ensured that the PAYE deductions have been calculated accurately by reference to the HMRC PAYE Tools software; and
- Ensured that the monthly deductions have been paid over to HMRC in a timely manner.

Conclusions

No issues arise in this area this year warranting formal comment or recommendation.

Fixed Asset Register

The Practitioner's Guide requires that all Councils develop and maintain a register of assets identifying detail of all land, buildings, vehicles, furniture and equipment owned by the Council.

We are pleased to note that a formal asset register is in place and the values are consistent to the AGAR which is maintained by the Parish Clerk. However, we note there is no photographic record of assets held and consideration should be given to the implementation of a photographic register.

Conclusions and recommendation

No issues arise in this area this year warranting formal comment or recommendation.

Investments and Loans

The Council neither owns any investments, not has any outstanding loans repayable either by or to it.

Statement of Accounts and AGAR

The 1996 Accounts and Audit Regulations required all Councils to prepare annually a detailed Statement of Accounts, together with supporting statements identifying other aspects of the Council's financial affairs.

We have discussed the Council's status regarding its ability to assign a positive assurance to the additional Box 10 assertion in the 2025-26 Governance Statement reviewing all relevant supporting

documentation. Consequently, we will also be assigning a positive assurance in the year's IA certificate at Box "O".

We are pleased to note that the Council has taken appropriate action to ensure that it is able to give a positive response to the new, for 2025-26, Assertion 10 in the AGAR Governance Statement developing a range of appropriate policies and procedures to help ensure the security of its website and compliance with GDPR and other regulations.

Conclusion

We are pleased to record that there are no matters arising in this area of our review warranting formal comment or recommendation and, on the basis of the work undertaken during the course of our review for the year, we have "signed off" the Internal Audit Certificate in the Annual Return assigning positive assurances in all areas.

Rec. No.	Recommendation	Response
No recommendations.		