Internal Audit Report 2025/26

PARISH COUNCIL	**Easton Parish Council**
INTERNAL AUDITOR	Faye Haywood, CMIIA, CIA
RFO	Sue Marsh
DATE	

Overview

The Accounts and Audit Regulations 2015 require parish councils to undertake an effective internal audit each year to review the adequacy and effectiveness of their systems of internal control, including risk management, governance, and financial procedures.

Approach

The internal auditor has undertaken a risk-based assessment of the Council's key systems and controls to inform the audit approach for 2025/26. The review has been designed to provide independent assurance on the adequacy and effectiveness of the Council's internal control framework, including financial management, governance, risk management, and compliance with relevant legislation and proper practices.

Audit work has been aligned to the assertions set out in the Annual Governance and Accountability Return (AGAR) and includes consideration of emerging areas of risk, including digital governance and data protection.

Observations and management action plan (MAP)

Key observations requiring action from the Parish Council are included within the table below with an action owner and timeframe.

Ref	Observation	Recommendation	Agreed Action	Owner and timeframe
Where a No or Not Covered has been determined on the AGAR				
1. **Section F**	**Petty cash payments were properly supported by receipts; all petty cash expenditure was approved and VAT appropriately accounted for.** Easton Parish Council does not maintain petty cash. This section has therefore been marked as 'Not Covered'.	None	n/a	n/a
Other Observations				
2.	**Budget against actual expenditure has been regularly reported to council and significant budget variances have been explained and reported.** The Council's Financial Regulations require budget monitoring to be reported to Council at least quarterly. Whilst bank reconciliations and financial reports were presented during the year, limited evidence of formal review of actual expenditure against budget and explanation of significant variances was identified within the minutes reviewed.	The Council should ensure formal budget monitoring is undertaken and recorded at least quarterly, including consideration of significant variances between actual and budgeted expenditure.	Agree, the clerk will implement this	Clerk – from July's meeting
3.	**The Council maintains an Asset Register which is reviewed and reconciled to the AGAR fixed asset disclosure.** The Council maintains an Asset Register recording assets under its ownership or care. A minor and immaterial variance was identified between the Asset Register and the draft AGAR fixed asset disclosure.	The Council should ensure that the Asset Register is periodically reconciled to the fixed asset disclosure within the AGAR. Consideration should be given to maintaining asset records within Scribe, or otherwise ensuring that updates are reflected consistently across all financial records.	Agree, this will be reconciled and added to Scribe	Clerk – by end of August

Ref	Observation	Recommendation	Agreed Action	Owner and timeframe
4.	**Insurance arrangements are reviewed periodically and remain in place.** The Council maintains appropriate insurance arrangements covering its activities and assets. However, the Council should periodically review the level of Fidelity Guarantee cover to ensure it remains proportionate to the value of funds and reserves held by the authority.	The Council should periodically review Fidelity Guarantee cover to ensure it remains proportionate to the Council's financial exposure	Agreed, will be reviewed	Clerk, by end of August

Conclusion

The internal audit for the 2025/26 financial year identified that Easton Parish Council generally has appropriate systems and controls in place to support compliance with the Accounts and Audit Regulations 2015 and the expectations set out within the JPAG Practitioners' Guide.

The Council has made good progress in addressing recommendations raised during the previous audit, with all prior-year recommendations found to be implemented or substantially complete. In particular, improvements were noted in areas including risk management, transparency, supporting financial documentation, play area inspection records and the transition to Income & Expenditure accounting.

A small number of opportunities for further improvement were identified during the review, primarily relating to the formal recording of budget monitoring, reconciliation of asset records and periodic review of Fidelity Guarantee insurance cover.

Based on the work undertaken, I am satisfied that the Council has generally maintained effective governance, risk management and internal control arrangements during the year under review.

I would like to thank the Parish Clerk for their assistance, cooperation, and provision of information during the course of the internal audit.

Disclaimer

This internal audit has been carried out in accordance with the requirements set out in the Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide and is based on the evidence made available. The audit provides an independent and reasonable assessment of the systems of internal control and financial governance in place during the financial year.

It should be noted that the internal audit is not an exhaustive review of all transactions and activities, nor does it constitute a detailed forensic or investigative audit. The responsibility for ensuring the council's compliance with legislation, proper accounting, and effective financial management remains with the members of the council.

Appendix 1- Internal Audit Assessment

	Green - Controls in place and working effectively.
	Yellow - Minor weakness or inconsistency identified, improvement recommended to strengthen governance.
	Amber - A control gap or compliance issue exists. Action needed to mitigate risk, though not urgent or high impact.
	Red - Significant issue or failure of control. Immediate attention required to ensure compliance or mitigate serious risk.

Area	Assessment	RAG	Observations
Bookkeeping	*The cash book is maintained and up to date*		The cash book is maintained using the Scribe accounting system and was found to be up to date at the time of audit. Sample testing confirmed transactions were appropriately recorded.
Standing Orders	*The Council has formally adopted standing orders and financial regulations*		Standing Orders and Financial Regulations were evidenced as formally adopted and reviewed during 2025. The documents are considered appropriate for the size and nature of the authority.
	An RFO has been appointed with responsibilities in accordance with relevant legislation and guidance.		The Clerk has been formally appointed as Responsible Financial Officer.
Financial Procedures	*Purchases represent best value for money and transparency and fairness in the process can be demonstrated. i.e. quotes and tenders have been evaluated in accordance with agreed procedures.*		Previous recommendations regarding supporting contract documentation are largely complete. Sample testing confirmed that purchases reviewed were generally supported by appropriate approval processes and documentation.
	Payments in the cashbook are supported by purchase orders and invoices. These have been authorised and minuted.		The previous audit recommendation has been implemented. Sample testing confirmed that payments recorded within the cashbook were supported by appropriate invoices and supporting documentation, with expenditure appropriately authorised and evidenced within Council minutes.
	VAT payments have been identified, recorded and claimed.		It was noted that no VAT reclaim had been submitted during the year under review, as the Council's practice is to submit VAT reclaims following the financial year end.

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Area	Assessment	RAG	Observations
Budgetary Control	*The council has prepared an annual budget in support of its precept and this has been approved.*		The Council prepared and approved an annual budget in support of the 2025/26 precept. Budget setting and financial assumptions were discussed within Council minutes.
	The precept has been calculated from the budget and approved by the parish council.		The precept was approved by the Council and was supported by the approved budget for 2025/26.
	Budget against actual expenditure has been regularly reported to council and significant budget variances have been explained and reported.		The Council's Financial Regulations require budget monitoring to be reported to Council at least quarterly. Whilst bank reconciliations and financial reports were presented during the year, limited evidence of formal review of actual expenditure against budget and explanation of significant variances was identified within the minutes reviewed.
Income Controls	*Income accurately recorded*		Sample testing confirmed that income was accurately recorded within the accounting records and supported by appropriate underlying documentation.
	The precept received agrees to the Council Tax authorities' notification.		The precept received during 2025/26 was agreed to the published Parish Precept Schedule and Council approval minutes.
	Cash and near cash equivalents are adequately managed and secured.	n/a	Easton Parish Council does not maintain petty cash.

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Payroll	*Employees have contracts of employment with clear terms and conditions.*		Testing confirmed that the Clerk's employment arrangements are formally documented and that a performance appraisal was undertaken during the year.
	Payroll payments are appropriately approved, and statutory payroll requirements are complied with.		Sample testing confirmed that salary payments reviewed during the audit agreed to approved pay arrangements, complied with applicable National Minimum Wage/National Living Wage requirements, and that PAYE/NIC deductions appear to have been appropriately applied.
	Auto-enrolment/pension obligations are being appropriately considered. Pension contributions have been regularly reconciled with payroll records and pension provider statements to verify accuracy.	n/a	Not applicable.
	Other payments to employees i.e. expenses are reasonable and approved by council.		Sample testing confirmed that employee and member expense payments reviewed during the audit were reasonable and appropriately approved by the Council.
Assets and Liabilities	*The Council maintains an Asset Register which is reviewed and reconciled to the AGAR fixed asset disclosure.*		The Council maintains an Asset Register recording assets under its ownership or care. A minor and immaterial variance was identified between the Asset Register and the draft AGAR fixed asset disclosure.
	Play equipment is regularly inspected		The previous audit recommendation has been implemented. Testing confirmed that regular play area inspections are being completed with inspection records appropriately maintained.
	Additions and disposals have been formally minuted.		No asset additions or disposals were identified during the year.

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Bank Reconciliation	*Regular and timely bank reconciliations have been completed for each account, and these are reported to Council.*		Sample testing confirmed that bank reconciliations had been regularly prepared and reported to the Council throughout the year
	Reconciliation discrepancies are identified and resolved.		No reconciliation discrepancies were identified from the sample of reconciliations reviewed during the audit.
Financial Accounts Reporting	*Financial statement balances match to cashbook records.*		Cashbook balances were found to reconcile to supporting accounting records. Year-end Income & Expenditure adjustments have been processed within the accounting records.
	Accounts have been prepared using the Income and Expenditure method.		The Council has transitioned to preparing its accounts on an Income & Expenditure basis in line with current accounting requirements and has implemented the recommendation raised in the previous audit.
Risk Management	*The Council has a Risk Management Policy, and regular risk assessments are undertaken and reviewed by Councillors.*		The previous audit recommendation has been addressed through the adoption of a formal Risk Assessment and Management Policy covering financial, operational, governance and compliance risks. The policy identifies mitigating controls, assigns responsibility and provides for annual review.
Insurance	*Insurance arrangements are reviewed periodically and remain in place.*		The Council maintains appropriate insurance arrangements covering its activities and assets. However, the Council should periodically review the level of Fidelity Guarantee cover to ensure it remains proportionate to the value of funds and reserves held by the authority.

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Digital Governance & Data	*Digital governance arrangements are in place, including use of official email, website compliance, and data protection controls.*		The Council has implemented Data Protection and IT Policies to support the management of digital and information governance risks. Testing confirmed the use of official council email addresses and the publication of relevant privacy and governance documentation on the Council website.
Reserves Policy	*The reserves policy has been reviewed and reported to the council. The level and rationale for reserves is transparently published.*		The prior audit recommendation has been implemented through the adoption of a formal Reserves Policy setting out the rationale, structure and review of reserves held by the Council.
Governance & Compliance	*Key governance policies are in place, reviewed in line with stated cycles, and reflected accurately on the Council's website.*		Key governance policies were evidenced as in place, reviewed in accordance with stated review cycles, and appropriately published on the Council's website.
	Freedom of Information and Transparency		The previous audit recommendation has been substantially implemented through publication of an FOI Publication Scheme and supporting governance documentation on the Council website.
	Health and Safety Inspections are carried out of play equipment		The previous audit recommendation has been implemented. Sample testing confirmed that weekly play area inspections are being undertaken and supporting inspection records are now retained and accessible for review.
	GPoC Eligibility resolutions and clerk qualifications have been minuted.	n/a	No evidence identified that the Council is operating under the General Power of Competence.
	The Council has adopted and regularly reviews its Code of Conduct.		The Council has adopted the LGA Model Councillor Code of Conduct, last reviewed in May 2024, which is considered appropriate and in line with good practice expectations.

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Area	Assessment	RAG	Observations
	Minutes for the whole year are available on the website.		A full set of Council minutes for the period reviewed was available on the Council's website and reviewed during the audit, with no issues noted.
	Payments of over £100 are detailed on website.		All payments over £100 were available within the published Council minutes reviewed during the audit, with no issues noted.
	Chair declaration of office on agenda.		Council minutes evidenced the appointment of the Chair and the signing of the Declaration of Acceptance of Office for the year under review.
	Proper provision has been made for the exercise of electors' rights		The prior year exercise of public rights was reviewed and found to be in line with statutory requirements.
	Internal Audit reports are published, and recommendations are tracked and implemented		Internal Audit reports are published on the Council's website. Testing confirmed that recommendations raised in the previous audit have been implemented or substantially addressed during the year under review.