

Great and Little Hampden Parish Council

Internal Audit Report 2025-26

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For and on behalf of
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Background

Statute requires all town and parish councils to arrange for an independent internal audit examination of their accounting records and system of internal control and for the conclusions to be reported each year in the AGAR.

This report sets out the work undertaken in relation to the 2025-26 financial year. We have again undertaken our review for the year remotely: we wish to thank the Clerk for assisting the process, providing as much documentation as possible in electronic format to facilitate completion of our review for the year and sign off of the Internal Audit Certificate in the year's AGAR. We have, however, undertaken sufficient substantive testing to support our assurance that governance and financial controls remain effective.

Internal Audit Approach

In undertaking our review for the year, we have had regard to the materiality of transactions and their susceptibility to potential misrecording 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 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 'Internal Audit Report' in the Council's AGAR, which requires independent assurance over a range of internal control objectives.

Overall Conclusion

We have concluded that, on the basis of the programme of work undertaken during our audit this year, the Council has again continued to maintain adequate and effective internal control arrangements.

We have seen no need to make any formal recommendations, and any minor issues arising during the audit have been satisfactorily agreed with the Clerk, who has answered all of our queries. We have duly signed off the Internal Audit report of the Annual Governance and Accountability Return.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

The Clerk maintains the Council's accounting records in spreadsheet format, which we consider more than adequate in view of the relatively small number of annual transactions.

We have test-checked the spreadsheet detail for the financial year to the Current Account statements with Lloyds Bank, and verified the brought forward balances as at 1 April 2024 to the prior year closing balances.

We note that a Deposit Account is maintained, mainly for Reserves such as Community Infrastructure Levy (CIL) balances.

We note that the Finance Pack reported to each Council meeting contains information regarding the cash book balance, which gives the Council a good level of assurance concerning the bank reconciliation position.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation.

Review of Corporate Governance

We note that Standing Orders (SO's) and Financial Regulations (FR's) were reviewed at the May 2024 Council meeting. Both of these important policy documents accord with the current NALC Model Forms. The tendering levels in both documents have been set at £5,000, which we feel is appropriate to the Council's spending patterns.

We have reviewed the Council's Minutes for the financial year 2025-26 to determine whether any issues exist or may be developing that might have an adverse effect on the Council's future financial stability, whilst also ensuring that, as far as we may reasonably be expected to determine, no decisions have been made or are being considered that might result in ultra vires expenditure being incurred.

Since 2015, the Council has been subject to the requirements of the Transparency Code for Smaller Authorities. We are happy to record that there is a good level of information available on the Council's website.

We have checked the Exercise of Public Rights with regard to the 2024-25 Accounts, and are pleased to confirm that it is in accordance with the Accounts and Audit Regulations.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation.

Review of Payments & VAT

We have sample-checked payments made during the year to ensure that the following criteria were met:

- Payments were supported by a trade invoice or acknowledgement of receipt.
- VAT has been calculated correctly and is recovered at appropriate intervals.
- The Council at a Council meeting approved each payment.
- Payments have been correctly analysed in preparation of the year-end Statement of Accounts.
- Section 137 payments have been identified in the cashbook and are within the Council's spending limit.

We note that a schedule of payments is approved at each Council meeting, as part of the Finance pack, and detailed in the Minutes.

We note that Councillors are initialling invoices approved for payment. This provides good evidence of internal control.

Conclusions

There are no issues arising in this area of our review 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 identified in order to minimise the opportunity for their coming to fruition.

The Council formally reviewed its Risk Assessment at its meeting in December 2025, which satisfies the requirements of Financial Regulation 2.2.

The Council has maintained its insurance requirements with Aviva (using Clear Councils), which renews each June. We note that Employer's and Public Liability cover in place at £10 million each, Officials Indemnity at £500,000 and Fidelity Guarantee at £250,000, which are the normal levels for a Parish Council of this size.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation.

Budgetary Control and Reserves

The Council's Minutes, together with the supporting papers provided to Council, confirm that Members undertook a robust Budget setting and Precept determination process for the 2025-26 financial year at its December 2025 meeting, setting the Precept at £8,665.

There is evidence of a prudent level of General Reserve and will allow the Council to have good flexibility in the next financial year.

Conclusion

There are no issues arising in this area of our review warranting formal comment or recommendation.

Review of Income

The Council has relatively limited sources of income in addition to the annual Precept, being only VAT reclaims and minor interest on the Deposit Account. We have checked such receipts from the cashbook to the bank statements, with no issues arising.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation.

Petty Cash Account

We note that the Council does not maintain any form of petty cash. Therefore there are no issues arising in this area of our review warranting formal comment or recommendation.

Salaries and Wages

In examining the Council's payroll function, we aim to ensure that extant legislation is being appropriately observed as regards adherence to the Employee Rights Act 1998 and the requirements of HM Revenue and Customs (HMRC) in relation to the deduction and payment over of income tax and NI contributions.

Payments to the Clerk are managed via an external payroll provider, and are paid quarterly to reduce processing fees. We have test-checked salary transactions for the year, with no issues arising.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation.

Asset Registers

The Governance and Accountability Manual (GAM) requires all councils to maintain a record of all assets owned. We confirm that the Council maintains an appropriate Asset Register.

Conclusion

There are no issues arising in this area of our review warranting formal comment or recommendation.

Investments and Loans

The Council has no funds in investments, any surplus cash being held in appropriate Lloyds Bank accounts.

Conclusion

There are no issues arising in this area of our review warranting formal comment or recommendation.

Statement of Accounts and AGAR

We have checked the Accounting Statement from the cashbook and have raised no issues with the financial detail.

During this year review, we have tested the new control objective ‘O’ (Assertion 10): “The authority has complied with laws, regulations & proper practices relating to digital and data compliance”.

Note that since September 2020, all parish and Parish councils must have a website that complies with Website Content Accessibility Guidelines (WCAG). As from October 2024 that rating level changed from WCAG2.1 AA to WCAG2.2AA so that it meets Accessibility Guidelines as set in the Public Sector Bodies Accessibility regulations.

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.

Conclusions

Based on the satisfactory conclusions drawn from our programme of work this year, we have duly signed off the IA Certificate in the AGAR assigning positive assurances in each relevant area.

Action Plan

Rec. No.	Recommendation	Response
No recommendations made.		