John P Watson & Co

Noak Bridge Parish Council

Internal Audit Report 2025-26

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Essex, SS2 4UZ

Introduction

Legislation introduced from 1st April 2001, requires all Town and Parish Councils to implement an independent internal audit examination of their accounts and accounting processes annually. The following report complies with these requirements.

This report sets out the work undertaken in relation to the 2025-26 financial year, during the course of the audit, which was finalised on 10th April 2026.

As detailed in the Joint Panel on Accountability and Governance Practioners' Guide, it is not the purpose of either the Internal or External Audit to detect or prevent fraud.

Internal Audit Approach

The basis of the review is that regard should be given to the materiality of transactions and their susceptibility to potential misrecording or misrepresentation in the year-end Statement of Accounts/AGAR. The 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 control 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 assist the completion of the 'Internal Audit Report' as part of the Council's AGAR process, which requires independent assurance over several internal control objectives.

Overall Conclusion

The quality of the records maintained by the Clerk/Responsible Financial Officer is acknowledged and the Clerk is thanked for her assistance during this internal audit review of the 2025-26 financial year, which has ensured the smooth progress of the work undertaken.

The 'Annual Internal Audit Report' in the year's AGAR has been signed and dated having concluded that, in all significant respects, the Internal Control Objectives set out in that report were being achieved throughout the financial year to a standard more than adequate to meet the needs of the Council.

1 Accounting Records & Bank Reconciliations

a) **Objective**

To ensure that the accounting records are being maintained accurately and currently and that no incorrect or inexplicable entries appear in cashbooks or financial ledgers.

b) **Detail**

i. There are four bank accounts in operation being a Santander Bank Business Savings Account, a Metro Bank Business Savings Account, a Unity Trust Savings Account and a Unity Trust Current Account.
ii. The Council maintains their accounting records by way of a detailed Excel Spreadsheet which is more than adequate for a Council of this size.
iii. The opening cashbook balance for 2025-26 has been reconciled to the 2024-25 closing Statement of Accounts and the certified AGAR detail.
iv. VAT is identified separately in the spreadsheet.
v. All transactions in the cashbooks of all bank accounts have been checked for the year. All were complete and accurate and had been prepared in a timely manner.
vi. It is noted that all bank accounts are maintained on the one spreadsheet. This is not good practice and it is **recommended** that separate spreadsheets are maintained for each bank account.
vii. It is also noted that expected payments due to HMRC and the Pension Provider are sometimes entered monthly although the payment are not made monthly. It is pointed out that the Council operates on a “Receipts and Payments” basis and that payments should only be reflected on the Excel Spreadsheet as they are made. It is **recommended** that this practice be discontinued.
viii. Bank Reconciliations were prepared on a regular basis. These have been checked and were complete and accurate.
ix. All accounts remained “in balance” at the end of the period under review.
x. It is noted that the computer(s) holding the Council records are backed up on a regular basis both to the Cloud and to an external drive.

c) **Conclusion**

i. It is **recommended** that separate spreadsheets are maintained for each bank account.
ii. It is **recommended** that payments are only entered on the Excel Spreadsheet as they are made.

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2 Corporate Governance

a) Objective

To ensure that the Council has a robust regulatory framework in place, that Council meetings are conducted in accordance with the adopted Standing

Orders and that, bearing in mind we do not attend Council or Committee meetings, no actions of a potentially unlawful nature have been or are being considered for implementation.

b) Detail

i. The Council Minutes (excluding planning matters) have been reviewed for the year by reference to the Council's website and in hard copy format, to identify whether any issues arise that may have an adverse effect on the Council's future financial stability, either in the short, medium or longer term.
ii. Standing Orders and Financial Regulations were reviewed by Council at their meeting on 28th May 2025 (minute 68/2025/1 & 2 refer).
iii. The Council has not adopted the General Power of Competence. It is noted that this was discussed at a Council meeting on 26th February 2025 and any decision deferred. It is **recommended** that this be discussed at a future meeting.
iv. The 2026/2027 precept was agreed in the amount of £41,216.20 (rounded to £41,285.47) at the Council meeting held on 31st January 2026 (minute 08/2026/06 refers.).
v. The Council provided for the proper opportunity for the exercise of public rights in respect of 2024/2025.
vi. Council are reminded that AGAR details must be retained on their website for a minimum of five years.

c) Conclusion

i. There it is **recommended** that adopting the General Power of Competence is discussed at a future Council meeting.

3 Expenditure

a) Objective

To ensure that the Council follows good practice when making payments.

b) Detail

i. All payments for the year to 31st March 2026 were checked.
ii. All payments were supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due.
iii. All payments were approved by Council members as required with all payments being recorded in the minutes.
iv. All discounts due on goods and services were taken where appropriate.
v. VAT has been appropriately identified for periodic recovery.
vi. VAT repayment claims are submitted to HMRC on an annual basis, the claim for the year to 3st March 2026 being submitted post the year end
vii. It is noted that the Council holds a Debit Card which is rarely used. Any expenditure on this card is authorised as part of the payment authorisation process.

viii. It is noted that two Councillors have individual authority to submit online banking transactions but that these transactions are still not verified by a separate Councillor. Clause 7.1 of Financial Regulations states ""'a minimum of two Councillors will be involved in any online approval process". It is again **recommended** that online banking transactions be verified by a second separate Councillor.

c) Conclusion

i. It is **recommended** that online banking transactions be verified by a second separate Councillor

4 Risk

a) Objective

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.

b) Detail

i. Council reviewed their Risk Assessment at the Council meeting held on 28th May 2025 (minute 59/2025/3 refers). It is noted that the copy loaded on the website is not dated and it is **suggested** it is good practice to date such documents with the date approved and the details of the relevant minute in respect of that approval.
ii. Council's insurance is with Zurich Municipal for the year to 31st May 2026 with Employers Liability set at £10m, Public Liability being set at £12m and Fidelity Guarantee being set at £250k.
iii. It is understood that the Council owns a Petanque Court and that this property is inspected on a quarterly basis by a Councillor.

c) Conclusion

i. It is **suggested** that the Risk Management document loaded on the website be annotated with the date and details of the minute approving the document.

5 Precept Determination

a) Objective

To ensure that the Council has the appropriate procedure in place for identifying and approving its future budgetary requirements and level of precept to be drawn down from the District Council.

b) Detail

i. Council discussed and agreed the detailed 2026/2027 budget at their meeting on 21st January 2026 (minute 08/2026/06 refers).
ii. As mentioned previously in this Report, the 2026/2027 precept was agreed in the amount of £41,216.20 (rounded to £41,285.47) at the

Council meeting held on 21st January 2026 (minute 08/2026/06 refers).

c) Conclusion

i. There are no matters to be commented on in this area of the Report.

6 Budget Control

a) Objective

To ensure that Council has an effective reporting and monitoring process is in place and also to ensure that the Council retains appropriate funds in general and earmarked reserves to finance its ongoing spending plans, whilst retaining appropriate sums to cover any unplanned expenditure that might arise.

b) Detail

i. Council are regularly provided with monthly budget reports.
ii. It is noted that Total Reserves as at 31st March 2025 are £191,904 of which £121,548 are Earmarked Reserves. The balance of General Reserves at £70,356 equates to over fourteen months average revenue expenditure which is above the generally accepted guidelines of between three and six months average revenue expenditure.
iii. The year-end budget outturn has been reviewed for any significant unexplained variances with none in evidence.

c) Conclusion

i. There are no matters to be commented on in this area of the Report.

7 Income

a) Objective

To ensure that Council has appropriate procedures in place to ensure that all income due is identified, invoiced (if necessary), recovered and banked in a timely manner.

b) Detail

i. The main sources of income available to the Council are the precept, VAT repayments, bank interest and occasional grants and donations.
ii. All income has been verified by reference to the cash book with no issues arising.

c) Conclusion

i. There are no matters to be commented on in this area of the Report.

8 Petty Cash

a) Objective

To ensure that the Council follows good practice when making cash payments.

b) Detail
The Parish Council does not hold Petty Cash.

c) Conclusion
There are no matters to be commented on in this area of the Report.

9 Salaries

a) Objectives
To confirm that current Employment Law is being appropriately observed together with the requirements of HM Revenue and Customs (HMRC) legislation as regards the deduction and payment over of income tax and NI contributions, together with meeting the requirements of the revised local government pension scheme, to which employees contribute.

b) Detail.

i. Payroll calculations are provided by an external payroll provider.
ii. The payroll has been checked for the months of April and December 2025 with no issues arising.
iii. The Personnel Committee agreed an increase in the SCP point awarder to the Clerk at their meeting on 7th August 2025 (minute 07/2025 refers).
iv. It is noted that regular payments are made to HMRC and the Pension provider although these payments have not been correctly entered in the spreadsheet (see 1.b.vii above).

c) Conclusion

i. There are no matters to be commented on in this area of the Report.

10 Asset Register

a) Objective
To ensure that the Council develops and maintains a register of assets identifying detail of all land, buildings, vehicles, furniture and equipment owned by the Council as required by the Governance and Accountability Manual.

b) Detail

i. The Council maintains a detailed formal Asset Register which has been prepared using purchase cost uplifted or decreased to reflect the acquisition or disposal of any assets (where applicable) during the financial year.
ii. It is noted that a photographic record of the Council's Assets is retained.
iii. Council approved the Asset Register at their meeting on 25th March 2026 (minute 34/2026/05 refers).

iv. It is confirmed that the correct Asset value has been reflected in the 2026 AGAR.

c) Conclusion

i. There are no matters to be commented on in this rea of the Report.

11 Investments and Loans

a) Objective

To ensure that the Council is "investing" surplus funds, be they held temporarily or on a longer term basis in appropriate banking and investment accounts; that an appropriate investment policy is in place; that the Council is obtaining the best rate of return on any such investments made; that interest earned is brought to account correctly and appropriately in the accounting records and that any loan repayments due to or payable by the Council are transacted in accordance with appropriate loan agreements.

b) Detail

i. Council holds no long-term investments but it is noted that a ninety five day account has been opened with Cambridge and Counties Bank during the year. It is understood that, post the decision being made to make this investment, Cambridge and Counties Bank changed their criteria preventing local authorities from applying. It is further understood that Council will address this issue going forward.

ii. Council last approved their Investment Policy at their meeting on 26th February 2025 (minute 22/2025/01 refers). It is **suggested** that the Investment Policy be approved annually.

iii. It has noted that, as recommended last year, Council have taken note of the government's Financial Services Compensation Scheme which gives a maximum level of protection of £120,000 invested in one institution.

iv. Council does not have any loans with external bodies repayable by or to it.

c) Conclusion

i. It is **suggested** that the Investment Policy be reviewed annually.

12 Digital and Data Compliance

a) Objective

To ensure that the Council are complying with the new digital and data requirements including official Council owned (.gov.uk) domain names for email, website accessibility (WCAG 2.2 AA) and formal data protection and IT practice policies are in place.

b) Detail

i. It is noted that Council are using dedicated Council owned domain names.

ii. It is further noted that Council meet Website Control Accessibility requirements meeting WCAG 2.2 AA standards.
iii. It is noted that the Council are registered with the Information Commissioner.
iv. Council have detailed IT and Data Management Policies in place.

c) Conclusion

i. There are no matters to be commented on is this area of the report.

13 Statement of Account and AGAR

a) Objective

To ensure Council meets the requirements of the 1996 Accounts and Audit Regulations in that they must prepare annually a detailed Statement of Accounts, together with supporting statements identifying other aspects of the Council's financial affairs.

b) Detail

i. The accuracy of detail contained in the above documentation has been verified.
ii. The reports have been checked against prime documentation, and it is confirmed that the Council's accounting reports accurately records the 2025-26 financial year's transactions.
iii. As previously mentioned in this Report, Council are reminded that AGAR Sections 1, 2 and 3 should be retained on their website for a minimum of five years.

c) Conclusion

i. 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 the review for the year, the Internal Audit Certificate in the Annual Return has been completed and signed assigning positive assurances in all areas.

10th April 2026