

Horton Parish Council

Internal Audit Report 2025-26

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*For and on behalf of
Auditing Solutions Ltd*

Background

The Accounts and Audit Regulations introduced from 1st April 2001, as amended periodically, require all Town and Parish Councils to implement 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).

There has been a change in Clerk during the 2025-26 financial year. This report sets out the work undertaken in relation to the 2025-26 financial year. We have conducted the year's review at our own offices on 5th May 2026: we thank the Clerk in assisting the process, delivering all necessary documentation either in electronic format in advance of our visit or to us directly at our meeting on 29th April 2026.

Internal Audit Approach

In undertaking our review for the year, we have again 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 is 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 '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 during our audit this year, the Clerk and Council have continued to maintain appropriate and effective internal control arrangements.

We have completed and signed the 'Annual IA Certificate' in the year's AGAR, assigning positive assurances in each relevant area, apart from Internal Control Objective 'C', having concluded that, in all significant respects, the control objectives set out in that report were being achieved throughout the financial year to a standard adequate to meet the needs of the Council.

We take this opportunity to remind the Clerk and Council of the requirements of the guidance notes in the preface to the year's AGAR in relation to the documentation that should be displayed on the Council's website, together with the need to ensure compliance with the timing requirements for publication of the Notice of Public Rights to examine the Council's documentation for the financial year.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

The Clerk / RFO has continued to maintain the Council's accounting records in spreadsheet format with a single account in operation with Unity Bank. Our objectives in this area are to ensure that the accounting records are maintained accurately and in a timely manner with detail reconciled routinely to the bank account in use. We have consequently: -

- Checked to ensure that the closing balances reported in the 2024-25 accounts and AGAR have been "rolled-over" correctly as opening balances for 2025-26;
- Verified transactions recorded in the spreadsheet cashbook to the supporting bank statements for the full financial year;
- Verified the content of the quarterly and year-end bank / cashbook reconciliations, also noting that members have again been provided with detail of and review each quarter-end reconciliation; and
- Ensured that the year-end balance is accurately recorded in the year's AGAR at Section 2, Box 8.

Conclusion

Appropriate accounting records have been maintained throughout the 2025-26 financial year. We do however repeat our concern about the maintenance of the spreadsheets, as we understand that at one point during the year the spreadsheet had to be rebuilt as it corrupted, delaying the quarterly budget report to council. We also note that the spreadsheet is incorrect for July to September as the first line (line 6 on the spreadsheet) has not been included in the totals on line 33, although we note there is no payment for this amount (£32.61) to HMRC.

We previously recommended that the Council should consider the use of a sector specific accounting software package such as Rialtos Alpha or Scribe, as these would provide a variety of reporting functions, without the risk of file corruption or manual error and understand that this has been approved.

Review of Corporate Governance

Our objective in this area is to ensure that the Council has robust corporate governance documentation and procedures in place; that Council meetings are conducted in accordance with the adopted Standing Orders (SOs) and that, as far as we may be reasonably expected to ascertain as we do not attend meetings, no actions of a potentially unlawful nature have been or are being considered for implementation.

We have examined the Council's minutes for the financial year to determine whether any issues exist that may have an adverse effect, through litigation or other causes, on the Council's future financial stability, noting last year that both SOs and Financial Regulations (FRs) were reviewed and re-adopted by the Council at its' February 2026 meeting.

We note that the external auditors signed off the 2024-25 AGAR with no comments.

As part of our review this year we are required to ensure that the Council has complied with all digital and data compliance requirements as set out in the 2025 revised Box 10 of the AGAR Section 1 Governance Statement. There are some errors on the website along with the notification that the website is not secure across all platforms, when downloading information eg public rights document, which should be rectified.

Conclusions and recommendations

With a few issues the council complies with the laws, regulations & proper practices relating to digital and data compliance, however it should ensure that it keeps under review the information published and that its site is secure.

R1. In light of the requirements for compliance with the digital and data compliance requirements as set out in the 2025 revised Box 10 of the AGAR Section 1 Governance Statement, the council should ensure that its website is secure for all its users.

Review of Expenditure

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- All payments are subject to appropriate approval in accordance with the Council's approved procedures;
- 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; and
- VAT has been appropriately identified for periodic recovery.

We have again reviewed the Council's approach to the approval and authorisation of release of funds to traders and staff and consider that they are generally sound, examining documentation supporting all payments during the year for compliance with the above criteria noting that invoices continue to be signed by members confirming their review and approval for payment, with the exception of a couple that were missed. We note however that the payment lists provided to Council for approval were signed and that the unsigned invoices were included within the payment list. We also note that an overpayment was made to one supplier, with the additional funds quickly repaid returned by the supplier.

VAT for the prior financial year was received on 11/4/25. VAT for Q1 was claimed and repaid by HMRC, but VAT for the remainder of the year had not been submitted at the close of the year, leaving a total of £2,969.41 due to the council.

Conclusion

We are pleased to record that no significant issues or concerns arise from our work in this area this year, although we remind the Clerk that VAT returns should be completed on a more regular basis.

Assessment and Management of Risk

Local councils are required to put in place appropriate arrangements to assess and manage all potential risks, financial and other, to which they may be exposed, also ensuring that appropriate insurance cover is in place.

The council has a Risk Management & Assessment Register, which we consider appropriate for the Council's present needs, however this was not reviewed in year.

We have examined the current year's insurance schedule with Zurich and consider that cover continues to be appropriate for the Council's present needs with Employer's and Public Liability cover both in place at £10 million and £12 million respectively, together with Fidelity Guarantee cover at £250,000.

We have previously noted that the Council's play areas are subject to periodic inspections by a member who provides a verbal report to the Council. This is supplemented by an annual inspection undertaken by a suitably qualified agent who provides the Council with a formal report. We are pleased to note that, formalised records are maintained.

Conclusions

As the council did not review the risk assessment in year we are unable to provide a positive response to Internal Control Objective 'C', as such the council is unable to provide a positive response to Section 1 Governance Statement Assurance 5.

R1. The Council should ensure that it reviews the risk assessment annually to be able to provide a positive response to Section 1 Governance Statement Assurance 5.

Budgetary Control and Reserves

Our objective here is to ensure that the Council has a robust procedure in place for identifying and approving its future budgetary requirements and the level of precept to be drawn down from the Royal Borough: also, that an effective reporting and monitoring process is in place. We also aim to ensure that the Council retains sufficient funds in general and earmarked reserves to finance its ongoing spending plans, whilst retaining appropriate sums to cover any unplanned expenditure that might arise.

We note that, following due debate, the Council finalised its budget and precept deliberations for 2026-27 formally adopting the latter at the January 2026 full Council meeting although the value of the precept was not included in the minutes.

We again note that the Clerk / RFO continues to provide members with accounting detail and reports identifying performance against the approved budget and have examined the year-end

outturn position noting the Clerk's commentary on the variances as recorded in the Cashbook spreadsheet detail with no concerns identified warranting further enquiry or explanation.

The Council's total reserves at the financial year-end have decreased to £41,545, (£59,256 at 31st March 2025). Earmarked reserves of CIL monies are noted as £5,379 (£5,477 as at 31st March 2025), which leave a general reserve of £36,166 (£28,877 at 31st March 2025), which equates to approximately 9 months' revenue spending at the 2025-26 level and sits comfortably within the generally recognised and acceptable holding of between three- and twelve-months' revenue spending.

Conclusions

We are pleased to record that no issues arise in this area this year warranting formal comment or recommendation.

Review of Income

The Council receives income from a limited number of sources in addition to the precept, primarily by way of grants, including CIL moneys and recoverable VAT. We have agreed detail of income received to bank statements and, where available, other supporting documentation.

Petty Cash Account

The Council does not operate a petty cash account, any out-of-pocket expenses incurred by the Clerk / RFO being reclaimed through the normal payment process.

Review of Staff Salaries

In examining the Council's payroll function, we aim to confirm that extant legislation is being appropriately observed as regards adherence to the Employee Rights Act 1998 and the requirements of HMRC legislation as regards the deduction and payment over of income tax and NI deductions and employer contributions. We note that the Council uses the services of an external payroll bureau.

To ensure compliance with the above objectives, we have: -

- Ensured that the gross salary applied in 2025-26 to the Clerk have been paid at the approved rate of pay by reference to the full years' payslips;
- Verified the accurate calculation of any Income Tax, National Insurance and pension contributions have been calculated at the appropriate rates by reference to the staff tax codes and relevant HMRC and Pension Fund Administrator tables.; and
- Ensured the appropriate and prompt payment of tax and pension contributions to HMRC and the Pension Fund Administrators during the year.

Conclusion

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

Asset Registers / Inventories

The Practitioner's Guide requires all councils to maintain a record of all assets owned. We are again pleased to note that a formal register remains in existence, and that the correct value has been reported in the year's AGAR at Section 2, Box 9.

Ideally, the Council should also develop a photographic register of its stock of outside equipment, etc to assist any insurance reclaim or police enquiry in the event of vandalism and / or accidental damage to property / premises. Such a register may assist the smooth progression of any insurance claim, etc

Conclusion

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

Investments and Loans

The Council has no long-term investments, nor does it have any loans in place repayable either by or to it.

Statement of Accounts and AGAR

Section 2 of the AGAR Form 3 now serves as the Council's formal Statement of Accounts subject to external audit review and certification. We have examined the content of the detail to be recorded in Section 2 for 2024-25 agreeing that detail to the underlying financial and other records.

Conclusions

We are again pleased to record that no significant issues arise in this area this year and, based on the outcome of our work programme for the year, we have signed off the IA Certificate in the AGAR assigning positive assurances in each relevant area, apart from Internal Control Objective 'C'.

Rec. No.	Recommendation	Response
Review of Corporate Governance		
R1	The Council should ensure that it reviews the risk assessment annually to be able to provide a positive response to Section 1 Governance Statement Assurance 5.	

