Staverton 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). Due to our own work pressures at the financial year-end and staffing shortages, the Clerk has again kindly agreed to us undertaking an interim review which was carried out in mid-January 2026. We have now finalised our review for the year on 3rd May 2025 signing off the AGAR IA Certificate accordingly.

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 AGAR with our work programme 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 in the year's AGAR, with independent assurance required over a series of specified internal control objectives.

We have discussed the Council's approach to the new, for 2025-26, Assertion 10 in the AGAR Governance Statement and are pleased to note that a raft of associated and recommended policies and procedures are in existence. We note that the Council is currently considering an upgrade of its website and will monitor the outcome as part of our 2026-27 review. Based on the work undertaken and documentation now in place, we consider that the Council is able to give a positive response in the 2025-26 AGAR as will we in the year's IA Certificate at Box "O".

Overall Conclusion

We are again pleased to conclude that the Clerk and Council have continued to maintain satisfactory and effective internal control arrangements with only one or two issues noted.

We again thank the Clerk for the continued high standard of documentation provided and request that this report is presented to Council for consideration and adoption. We also take this opportunity to remind the Clerk and Council of the annual website disclosure requirements as set out in the preface to the year's AGAR.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

The Clerk uses the Scribe accounting software to record the Council's financial transactions with three bank accounts in place with NatWest (Current, Maintenance and Gratuity) for day-to-day use: two further long-term deposit accounts (i.e. over 1-year) are in place with the Cambridge and Counties Bank which are, in accordance with the requirements of the Practitioner's Guide, correctly recorded as long-term assets, rather than as "Cash in hand / at bank" in the AGAR, Section 2, Box 9.

Our objective here is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in cashbooks or financial ledgers. Consequently, we have: -

- Agreed the opening balance detail with that in the 2024-25 Statement of Accounts / certified AGAR;
- Checked and verified detail in the cashbooks for the full financial year by reference to the supporting NatWest bank statements, including inter account transfers;
- Examined the documentation relating to the two Cambridge and Counties deposit accounts;
- Checked and agreed detail on the combined NatWest accounts' bank reconciliation at 31st December 2025 and 31st March 2026; and
- Ensured the accurate disclosure of the combined short term bank account balances at the year-end in the AGAR at Section 2, Box 8.

Conclusions

We are again pleased to note that bank reconciliations are completed regularly during the year and are reviewed and signed off by a nominated councillor quarterly in accordance with the adopted Financial Regulations (FRs).

Review of Corporate Governance

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

We note that the Council has re-adopted both SOs and FRs during 2025-26. NALC has, during 2025-26, issued significantly updated versions of both the SOs and FRs and we are pleased to note that the FRs are now based on the latest NALC model document with a limit of £40,000 recorded for formal tender action. The SOs record the same value, but are structured in line with an earlier version of the NALC model document. As indicated in last year's report, we consider that a formal limit for tender action would be more appropriately set at around £15,000 given the Council's general level of annual spending.

We have reviewed the Council's minutes for the year as published on the website and provided in electronic format by the Clerk to ensure that no issues have arisen or are under consideration whereby the Council may have or may be considering action resulting in potentially ultra vires expenditure and are pleased to record that no such actions are apparent.

As indicated in the preface to this report, we have discussed the Council's approach to meeting in full the requirements of the new Assertion 10 in the year's AGAR Governance Statement and acknowledge the work already undertaken and in hand to ensure that an appositive response may be give in the year's AGAR: we also note the Council's intention to develop a new website in the near future and, based on the present status, we consider that the Council has an appropriate range of policies and procedures to provide a positive response in the 2025-26 AGAR as will we in the IA Certificate at Box "O".

We are pleased to note that the external auditors signed off the 2024-25 AGAR with no adverse comments or qualification, also noting that an appropriate Notice of Public Rights is posted on the Council's website for the requisite 30 working days.

Conclusions and recommendation

We are pleased to record that no significant issues of concern have been identified in this review area this year. We shall continue to review minutes at future reviews, also continuing to consider the Council's approach to governance issues.

R1. The Council should consider adoption of the latest NALC model Standing Orders taking account of local circumstances and requirements, also considering a lower value for formal tender action at around £15,000.

Review of Payments & VAT

Our aim here is to ensure that:

- Resources are released in accordance with the Council's approved procedures and budgets;
- Payments are supported by 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 that discount; and
- VAT has been appropriately identified and coded to the control account for periodic recovery.

We have reviewed the procedures in place for the approval and release of payments to traders, noting that invoices bear an appropriate certification stamp, with Councillors signing them approving the individual payments: we also note that individual payments continue to be reported in the minutes. Due to their relatively low volume, we have checked to ensure that each payment in the year is appropriately supported and are pleased to confirm that to be the position.

We also note that VAT returns continue to be prepared and submitted to HMRC routinely during the year and have confirmed the detail of those already submitted for 2025-26 to the Scribe Ledger reports.

We have also reviewed the Scribe "Detailed Cost Centre" reports of Receipts and Payments ensuring, as far as we are reasonably able, that each receipt and payment has been appropriately coded to the correct cost centre.

Conclusions

We are pleased to report that no issues arise in this area this year 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 in order to minimise the opportunity for their coming to fruition.

We have consequently examined the Council's insurance policy for 2025-26 with Zurich noting that it provides for both Public and Employers Liability cover at £10 million, Hirer's Liability at £2 million and Fidelity Guarantee cover of £250,000, all of which we consider appropriate for the Council's present requirements.

We note that the Clerk and Council have reviewed the extant Financial Risk Assessment document, duly re-adopting it at the November 2025 meeting, together with other risk assessments relating to play areas and the Council's other facilities which were duly adopted in March 2026. We have reviewed the documents and consider that they are appropriate for the Council's present requirements.

Conclusions

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

Budgetary Control & 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 precept to be drawn down from Wiltshire Council: also, that an effective reporting and monitoring process is in place. We also aim 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.

We note that, following the Council's due deliberation at the January 2026 full Council meeting, the 2026-27 budget and precept requirements were agreed, with the Precept formally adopted at £32,839.

We have also reviewed the level of retained reserves at the financial year-end noting that total funds stand at £27,951, plus the additional funds of £65,000 held in two term deposits with the Cambridge and Counties Bank: as required by The Practitioner's Guide, the value of these funds is reported in the AGAR as a "Fixed Asset". The total short-term bank deposits equate to seven months' spending at the 2025-26 level and sit comfortably within the generally accepted range of between three to twelve months' such spending.

The Scribe accounting software provides scope for recording of the approved budget by cost centre to provide a ready means of comparing actual income and expenditure against the planned levels during the year. We are disappointed to note that no action has been taken to utilise the Scribe accounting budget detail, although we note that the Clerk provides members with comparative budget performance information through a separate reporting medium. Consequently, we reiterate our prior year recommendation.

Conclusions and recommendation

Whilst there are no significant concerns in this area, as previously, we urge that the Clerk makes use of the Scribe budgeting facility with periodic reports being generated by the software and provided to the Council during the financial year. If required Scribe should be asked to provide appropriate assistance in setting up the detail budgets by cost centre to facilitate appropriate reporting.

R2. The Scribe accounting software should be utilised to its full potential with detail of the individual approved budgeted receipts and payments for the year set up appropriately to facilitate reporting of the budget performance during the year directly from the accounting software.

Review of Income

The Council receives income from a limited variety of sources mainly the annual precept, together with hire fees for use of the sports ground and village hall, grants and donations, recoverable VAT and bank interest.

We aim, in this area, to ensure that income due to the Council is identified, invoiced (where appropriate), recovered and banked within a reasonable period.

Consequently, we have examined the hall and pitch booking diaries for the period from 1st October to 31st December 2025 ensuring that an appropriate invoice has been raised for each booking, that the correct fees have been charged and that payment has been received within an appropriate period: we are pleased to record that no issues arise in that respect. We also note that the Village Hall has been registered for VAT with VAT clearly identified on invoices raised relating to hire of the hall facilities.

We have also ensured the timely receipt and recording of interest income on the Cambridge Building Society term deposits.

Conclusions

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

Petty Cash Account

We are required, as part of the AGAR IA reporting process, to assess the adequacy of controls in this area. Consequently, we have reviewed the operation of the Council's petty cash account, checking that:

- Each petty cash payment during the year to 31st March 2026 is supported by an appropriate invoice, till receipt, etc;
- Periodic top-ups are drawn as and when required, the amounts being deposited in the Clerk's bank account with the clerk meeting the initial expense from her own pocket and maintaining an appropriate spreadsheet record of transactions and the updated residual balance after each transaction (top-up and payment);
- Ensured the appropriate recording of the payment transactions in the Scribe accounts: the top-ups are not recorded in Scribe as they are purely a transfer from one account to another; and
- Ensured that any VAT on payments made is appropriately recorded in Scribe for recovery.

Conclusions

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

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 contributions. We note that the Council continues to use the services of an external contractor to prepare the monthly payroll detail.

To meet the above objectives, we have: -

- Noted that the Clerk is contracted to be paid in accordance with the national NJC scale spinal point 22;
- Verified the accurate calculation of the Clerk's monthly salary for the year, including the uplifted salary following agreement of the national 2025-26 pay award by reference to the retained payslips, including arrears backdated to 1st April 2025. We are pleased to note that an appropriate correction has been made, following our identification in last year's report, of her salary being paid on the wrong spinal point;
- Reviewed the payments to HMRC by reference to the payroll contractor's supporting documentation;
- Noted that the Clerk's salary is now being paid each month in accordance with the net pay recorded on her monthly payslips rather than by a fixed monthly standing order; and
- Noted previously that the Council has had advice from NALC on the Clerk's Gratuity noting the payment is considered "contractual".

Conclusions

We are pleased to record that no issues arise in this area this year.

Fixed Asset Register

The "Governance and Accountability Manual – Practitioner's Guide" requires all councils to maintain a record of all assets owned. We are pleased to note compliance with this requirement, the Clerk maintaining an appropriate register. As indicated previously in this report, the value of the two Cambridge and Counties Band long-term investments totalling £65,000 is recorded in the year's asset register and AGAR.

We are pleased to note that the register again records detail of the purchase cost and insured values, which we consider affords the Council with an effective means of assessing future financial budgetary requirements for the replacement of assets. We note there were a small number of additions in the year. We agreed the balance to the Annual Return.

Conclusions

No issues arise in this area this year.

Investments and Loans

The Council has no investments, other than the two above referenced deposits with Cambridge and Counties Bank, nor has it any loans repayable either to or by it. We have agreed detail of earned interest and received in the year on the Cambridge and Counties deposits to the underlying bank statements.

Statement of Accounts and Annual Return

The AGAR now serves as the statutory accounts of the Council which, for 2025-26, will require external audit scrutiny and certification as the year's turnover exceeded the £25,000 threshold. The Section 2 financial information detail is generated automatically by the Scribe accounting software for disclosure in the year's AGAR and we have duly ensured its accurate transfer to the year's AGAR.

Conclusions

We are pleased to record that no issues arise in this area and have duly signed off the IA Certificate in the year's AGAR assigning positive assurances in each relevant area.

Rec. No.	Recommendation	Response
Review of Corporate Governance		
R1	The Council should consider adoption of the latest NALC model Standing Orders taking account of local circumstances and requirements, also considering a lower value for formal tender action at around £15,000.	
Review of Budgetary Control & Reserves		
R2	The Scribe accounting software should be utilised to its full potential with detail of the individual approved budgeted receipts and payments for the year set up appropriately to facilitate reporting of the budget performance during the year directly from the accounting software.	