

Wanborough Parish Council

Internal Audit Report: 2025-26 Final update

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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).

This report sets out the work undertaken in relation to our review of the Council's records and governance arrangements for the 2025-26 financial year which took place on 13th March and 13th April 2026. We thank the Clerk for providing the requested records in both electronic and hard copy format to facilitate completion of our review of the year's accounts.

Internal Audit Approach

In conducting our review, we have paid due 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 has robust financial and governance systems in place that 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 Council's AGAR that requires independent assurance over a range of specified control objectives.

Overall Conclusion

We have concluded that, based on the work undertaken this year, the Clerk and Council maintain overall effective and satisfactory financial systems. We have discussed detail of the new Assertion 10 in the 2025-26 Governance Statement with the Clerk and consider that, given the present status of member email addresses, non-compliance with GDPR disclosure requirements and general website security the Council will need to give a negative response to that assertion in the current year's AGAR.

We request this report is presented to the Council as required by The Practitioner's Guide.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

Our objective here is to ensure that the accounting records are being maintained accurately and that no anomalous entries appear in the cash book or financial ledgers kept by the Council. The Clerk has used the Scribe accounting software to record the Council's financial transactions with three bank accounts with Lloyds Bank in use together with a Santander account. We have: -

- Confirmed that the closing balances for 2024-25, as recorded in that year's AGAR, have been rolled forward correctly in the Scribe accounts for 2025-26;
- Checked detail of the full financial year's transactions as recorded in Scribe to the underlying bank statements;
- Checked and agreed detail of the four bank account balances recorded in the month-end Scribe combined bank reconciliations as at 30th June and September, plus 31st December 2025 and 31st March 2026;
- Noted that bank reconciliations are reviewed and signed off by a nominated non-signatory Councillor, who also signs off bank statements and reconciliations confirming agreement of the detail therein, and
- Ensured the accurate recording of the year-end combined account balances in the year's AGAR at Section 2 Box 8.

Conclusions

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

Review of Corporate Governance

Our objective here is to ensure that the Council has a robust series of corporate governance policies, procedures and documentation in place and that Council and Committee meetings are conducted in accordance with the adopted Standing Orders (SOs).

We note that the Council has reviewed and adopted both SOs and Financial Regulations (FRs) during the financial year, both now being in line with the latest NALC model documents. In reviewing their content at our interim visit, we noted an inconsistency in the implied financial value for formal tender action with the SOs recording a value of £25,000 (Para 18.a.v refers) and the FRs a value of £60,000 (Para 5.6 refers). The documents should record a consistent value, which we consider, given the level of the Council's annual financial activity, should be set at the lower value currently in the SOs.

We have reviewed the Council and Standing Committee minutes for the year as posted on the council's website and provided by the Clerk. Our review aims to ensure that, as far as we are reasonably able to determine, as we do not attend meetings, no actions that might result in illegal or ultra vires activity have been or are being considered. We are pleased to record that no issues arise in that respect.

We have discussed with the Clerk the implications for the Council of the additional Assertion 10 in the 2025-26 AGAR Governance Statement noting that, at present, neither the Clerk, Assistant Clerk nor councillors have ".gov.uk" email addresses: we also understand that the Council is intending to develop

a new website, which action we commend as the current site is in need of updating (it still records the former Clerk's name) and does not comply with various GDPR disclosure and security requirements. with the need to develop a range of related policies which should be published thereon. To assist the Council, we have provided a copy of a published "Assertion 10 Checklist" and a couple of sample policies adopted by some of our other clients and urge that the Council takes appropriate action as soon as practicable to ensure full compliance, although a negative assurance will have to be given in the 2025-26 AGAR Governance Statemen given the present position.

Conclusions and recommendations

The Council needs to take positive action as soon as practicable to develop an appropriate website that complies with all GDPR and Practitioner Guide requirements also developing and adopting a range of appropriate and relevant policies. As also indicated above, the extant SOs and FRs should be amended to ensure that a consistent value for formal tender action is recorded in each.

- R1. *The Council must ensure compliance with all GDPR requirements (Security and Disclosure) in relation to its website, also applying appropriate ".gov.uk" email addresses for staff and councillors.*
- R2. *The Council's Standing Orders and Financial Regulations should be revised to record a consistent value for formal tender action in each. **We understand that these will be reviewed at the Council's AGM and be amended appropriately.***

Review of Expenditure

Our aim in this area of our work is to seek confirmation that:

- Council resources are released in accordance with the Council's approved procedures and budgets;
- Payments were supported by suitable documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and / or acknowledgement of receipt where no other form of invoice is available;
- VAT has been calculated correctly and is recovered at appropriate intervals; and
- Councillors continue to approve payments at Council meetings.

We have discussed the controls in place over councillor scrutiny and approval of payments for release noting that they are provided with a schedule of each month's payments at each Council meeting with detail also attached to the published minutes. We note that the individual invoices / payment documentation is retained in electronic format and are consequently not signed off by members when they approve payments for release as evidence of their individual review and agreement of the physical amount being paid. We also understand that the Clerk sets up the payments online with a councillor then going online and physically releasing them. We suggest that, ideally, given the extent of internet fraud occurring recently and to provide a greater degree of protection to the Clerk should such an event occur, the individual invoices and monthly schedules of payments should both be signed off and dated by the reviewing councillor(s) as proof of their examination of the documentation supporting the payments. Ideally, the individual invoices should be signed off prior to their being uploaded to the Scribe accounts. As a minimum, the monthly schedules of payments should be formally signed off by councillors confirming that they have agreed the payments to be made to copies of the invoices / supporting documentation.

We have selected a sample of payments processed in the financial year for compliance with the above criteria. Our test sample includes all payments greater than £1,500 plus a more random sample of every 30th listed in the Scribe payments cashbook. The test sample totals £111,580 and equates to 71% by value of non-pay related payments in the year.

We are pleased to note that VAT reclaims are prepared at the end of each quarter and submitted to HMRC for repayment. We have checked and agreed detail of the final 2024-25 reclaim, together with the 2025-26 year's reclaims by reference to the Scribe accounts.

Conclusions and recommendation

We have identified no concerns with the selected sample of payments processed in the year, although, as indicated above, we urge that when councillors check and approve all individual payments, they sign and date either, as a minimum, the monthly supporting payment schedule, or ideally each invoice / payment supporting document prior to their upload to the Scribe accounts.

R3. *To afford a greater degree of protection to the clerk against any potential allegations of inappropriate action should the Council's bank accounts ever be "hacked" and funds be misappropriated, Councillors should formally evidence the effective discharge of their fiduciary responsibilities signing and dating the monthly payment schedule presented to the Council. They should ideally also initial and date the individual invoices prior to their upload to the Scribe accounts.*

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 to minimise the opportunity for their coming to fruition.

We are pleased to note that the Council reviewed, updated and re-adopted its Risk Register in May 2025 and have reviewed the resultant document which we consider appropriate for the Council's present requirements.

We have also examined the Council's insurance policy with Zurich which runs to 30th September 2026 noting that cover includes, in addition to the various buildings, street furniture and equipment, Public, Employer's and Hirer's Liability cover at £12 million, £10 million and £2 million respectively, together with Fidelity Guarantee cover of £500,000.

We also note that sports grounds, play areas and open spaces are examined weekly by the Council's contractor with a further detailed annual inspection undertaken by The Play Inspection Company.

Conclusions

We are pleased to record that no issues arise in this area currently: we shall continue to monitor the Council's approach to risk management at future reviews.

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 level of precept being requested: 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 are pleased to note that councillors receive regular finance reports generated through the Scribe accounts, to facilitate effective monitoring of budgetary performance throughout the year. We also note that, following due discussion, the final budget and precept for 2026-27 was agreed at the January 2026 full Council meeting with the latter set at £171,407.

We have reviewed the year-end Scribe budget report noting that receipts equate to 200% of the approved budget whilst payments stand at 104% neither of which give cause for concern: the high income percentage arises from the receipt of unbudgeted CIL moneys, together with unbudgeted grants and donations.

We also, at our interim visit, reviewed the Scribe receipts and payments “Transaction by Code” reports noting the erroneous inclusion of the cost of a Locum clerk (Scribe payments line 193) as a staff cost at Code 18: the payment should not be recorded as a staff cost in Scribe, as it will automatically be included at Box 4 of the year’s AGAR Section 2, rather than at Box 6 – “Other expenses”: we drew this to the Clerk’s attention during our interim visit and are pleased to note that she has made the necessary coding adjustment. We also noted one or two other potential anomalies in coding which we drew to the Clerk’s attention for amendment, all of which have duly been actioned.

Conclusions and recommendation

No significant issues arise from our work in this area other than in relation to the misanalysis of the locum clerk’s invoiced payment which has been amended appropriately.

R4. The cost of the locum Clerk should be re-analysed to ensure it is not reflected as a staff cost in the year’s AGAR. This has been actioned accordingly.

Review of Income

The Council receives income from various sources principally in the form of the annual precept, sports club lease fees, allotments, occasional grants and donations, bank interest and reclaimable VAT.

We have checked and agreed receipt of the 2025-26 Precept, as recorded in the accounts, to the 2025-26 precept demand.

We have examined the Scribe maintained allotment register noting that of the 68 recorded plots, only one rent remains unpaid at the year-end: we understand that this is under review and will be resolved in the near future.

We have also checked the income due from the sports clubs using the Hooper’s Field facilities, those fees being invoiced quarterly. We have checked to ensure that the invoiced fees have been charged in accordance with the letting agreements and that none remain unpaid at the year-end.

We have also reviewed the detailed income transaction reports ensuring that no obvious mis-coding or unrecovered income exist for the year. As noted previously we have checked and agreed the quarterly VAT returns for the year with no issues arising.

Conclusions

No issues arise in this area this year warranting comment or formal recommendation.

Petty Cash Account

The Council does not operate a petty cash account or have any cash floats in existence.

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 HMRC legislation in accounting for the deduction and payment over of income tax and NI contributions and meeting the requirements of the local government pension scheme, where applicable.

The Council now employs two officers, the Clerk and her Assistant with preparation of the payroll outsourced to an independent provider (DM Payroll).

There have been several changes in the Council's personnel during the year. Consequently, we have checked a sample of payslips during the year including the new Clerk and her Assistant's January 2026 payslips: specifically, we have:

- Agreed the gross salaries payable to staff contract details, where available;
- Checked and agreed the calculations of tax and national insurance deductions for those staff in the test sample; and
- Confirmed returns are made routinely to HMRC with no staff currently contributing to a pension scheme.

Conclusions

No issues arise from the work undertaken in this area.

Fixed Asset Register

The "Governance and Accountability Manual" (The Practitioner's Guide) requires councils to develop and maintain a register of all assets, recording their value in the AGAR at purchase cost or, where that value is unknown, at an appropriate "proxy" cost.

We have reviewed the Council's asset register noting that it continues to be maintained using the Scribe software: the register identifies individual assets detailing their cost price. We are pleased to note that, following our interim report recommendation, new equipment / assets acquired during the year have been added to the asset register appropriately at cost price net of VAT.

Conclusions and recommendation

As recorded in our interim report, to ensure the accurate recording of asset values in the asset register and AGAR at the end of the current financial year, detail of acquisitions in the current year should be recorded in the register at net value (i.e. excluding VAT): ideally, the Clerk should review the prior year (i.e. 2024-25) transactions ensuring that any new acquisitions during that year are

also added to the register. Similarly, any disposals in the 2 years should be deleted from the register or where costs in the 2 years include the cost of replacement items, the original entries should also be deleted from the register with the new values recorded appropriately.

R5. *The Clerk should ensure that the asset register is reviewed and updated appropriately to include detail of any new acquisitions in the past two years. **This has been actioned appropriately.***

Investments and Loans

We seek to confirm that the Council is investing any surplus funds prudently and that any loan transactions are conducted in accordance with the agreement. As detailed in the first section of this report, we have agreed transactions on the Lloyds Deposit and Santander Accounts for the financial year with no issues arising.

As last year, we note that the Council has no loans in place repayable either by or to it.

Conclusions

No matters arise from our work in this area.

Statement of Accounts / AGAR

The AGAR now forms the Council's statutory accounts subject to external audit examination and certification.

We have reviewed and ensured the accuracy of the financial detail to be recorded in the 2025-26 AGAR at Section 2 by reference to the Scribe year-end accounts detail with no issues arising.

Conclusions

Based on the overall satisfactory conclusions drawn from our review programme for the year, we have duly signed off the IA Certificate in the AGAR assigning positive assurances in each relevant area except at Box O in relation to the requirements in the AGAR Governance Statement at Section 2, Box 10.

Rec. No	Recommendation	Response
Review of Corporate Governance		
R1	The Council must ensure compliance with all GDPR requirements (Security and Disclosure) in relation to its website, also applying appropriate “.gov.uk” email addresses for staff and councillors.	
R2	The Council’s Standing Orders and Financial Regulations should be revised to record a consistent value for formal tender action in each.	<i>We understand that these will be reviewed at the Council’s AGM and be amended appropriately.</i>
Review of Expenditure and VAT		
R3	To afford a greater degree of protection to the clerk against any potential allegations of inappropriate action should the Council’s bank accounts ever be “hacked” and funds be mis-appropriated, Councillors should formally evidence the effective discharge of their fiduciary responsibilities signing and dating the monthly payment schedule presented to the Council. They should ideally also initial and date the individual invoices prior to their upload to the Scribe accounts.	
Review of Budgetary Control & Reserves		
R4	The cost of the locum Clerk should be re-analysed to ensure it is not reflected as a staff cost in the year’s AGAR.	<i>This has been actioned accordingly.</i>
Review of Fixed Assets		
R5	The Clerk should ensure that the asset register is reviewed and updated appropriately to include detail of any new acquisitions in the past two years.	<i>This has been actioned appropriately.</i>