AUDITING SOLUTIONS LTD

Compton Martin Parish Council

Internal Audit Report 2025-26

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Background and Scope

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 the 2025-26 financial year, during our review of the Council's records, which has been undertaken on site on 13th February and remotely on 7th April 2026, following closure of the year's accounts.

We again express our appreciation to the Clerk for the clear way the accounting records are maintained and thank her for assisting the review, providing the requested documentation in a mix of electronic and hard copy format.

Internal Audit Approach

In undertaking our review, we have 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 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. We have reviewed our prior year report and noted the current status on the few recommendations raised last year and are pleased to record that all have been addressed appropriately.

We have also reviewed the Council's actions in relation to the new Assertion 10 in the year's AGAR Governance Statement and are pleased to record that we consider that the Council has taken appropriate action to warrant a positive response to this assertion.

Overall Conclusions

We are pleased to again record that, based on the work undertaken this year and the quality of record keeping, no significant matters or concerns have been identified: we have duly signed off the IA certificate for the year with positive assurances in each relevant area.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

The Clerk has maintained the Council's financial records using the Scribe accounting software with two accounts in place with Unity Bank, together with a credit card with Lloyds in the name of the Council.

Our objective in this review area is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in cashbooks or financial ledgers. We have accordingly: -

- Ensured that the closing 2024-25 combined account balance has been brought forward correctly as the opening balance for 2025-26;
- Ensured that an appropriate coding structure is in place to facilitate effective budget monitoring / performance management;
- Checked detail in the receipts and payments "cashbooks" generated by Scribe, examining all transactions, due to their relatively low volume, recorded for the financial year to the relevant supporting bank statements;
- Verified detail on the combined accounts bank reconciliations as of 30th June and September plus 31st December 2025 and March 2026; and
- Ensured the accurate disclosure of the year-end combined account balances in the AGAR at Section 2, Box 8.

We have previously discussed with the Clerk the controls over the release of payments online through Unity Bank, noting that the clerk sets up the payments, advises the signatory councillors accordingly and that they then release the payments online. We are again pleased to note that monthly bank reconciliations are prepared during the year, generated by the Scribe software, and are subjected to scrutiny and sign-off by a nominated councillor, also noting that the bank statements are similarly signed-off.

Conclusions

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

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 are reasonably able to ascertain as we do not attend meetings, no actions of a potentially unlawful nature have been or are being considered for implementation.

We are pleased to note that the Council has appropriate SOs in place which were reviewed and re-adopted in March 2025, both being in line with the latest NALC model documents suitably tailored to the Council's specific needs with a consistent value for formal tender action of £10,000 recorded in each document.

We have reviewed the Council and Committee 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 and are pleased to record that no such matters have been identified.

The Council's total receipts and total payments in 2025-26 are both in excess of the £25,000 threshold: consequently, an external audit review will be required for the year and the Council will need to submit a Form 3 AGAR to the external auditors.

We are pleased to note that the Council has complied with the legal requirement to publish a Notice of Public Rights to inspect the Council's accounting records for the requisite 30 working days on its website.

We have discussed the Council's actions to ensure compliance with the requirements of the additional Assertion 10 included in the 2025-26 AGAR Governance Statement and are pleased to confirm that we consider that the Council has taken appropriate action and meets the requirements to give a positive assurance in the year's statement.

Conclusions

We are pleased to report that no issues arise in this area warranting formal comment or recommendation. We will continue to review minutes and the Council's approach to governance issues at our 2026-27 review.

Review of Expenditure

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- Appropriate documentation supports payments, 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;
- The correct expense codes have been applied to invoices when processed, and
- VAT has been appropriately identified and coded to the control account for periodic recovery.

We have previously discussed with the Clerk the Council's control procedures in relation to the scrutiny and approval of traders' and other invoices for payment noting that the procedures remain unchanged in the current year: we again consider them effective with one councillor generally initialling the documents as evidence of their review and approval for payment, also noting the presentation of a formal schedule of payments to each monthly Council meeting, with a councillor also initialling that schedule having reviewed the invoices.

We are pleased to note that, where grants and donations have been paid out during the year, appropriate documentation (application forms, etc) is now filed with the invoices / payment documentation. We have suggested previously that the Scribe reference number should also be recorded on each invoice and are pleased to note compliance with that recommendation.

Due to their relatively low number, we have examined the file of hard copy documentation during our interim visit and by reference to the scanned copies saved in the Scribe software for the last three months of the financial year ensuring that each payment is appropriately supported and again commend and thank the Clerk for maintaining these records in a very tidy and orderly manner.

We are pleased to note settlement of the 2024-25 VAT reclaim by HMRC in June 2025, also noting preparation of the VAT reclaim for 2025-26 and have agreed the content to the Scribe records for the year.

Conclusions

We are pleased to record that no issues arise from our review of the current year's payments and VAT.

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 and record that the Council has both Risk Policy and Assessment documentation in place, both documents having been reviewed and re-adopted in May 2025: we have examined their content and consider them appropriate for the Council's present requirements.

We have similarly examined the Council's 2025-26 insurance policy schedule with cover now provided by Zurich with Employer's and Public Liability standing at £10 & £12 million respectively and Fidelity Guarantee / Officials' Indemnity cover set at £250,000, all of which we consider appropriate for the Council's present needs.

Conclusions

We are pleased to record that no issues have been identified in this area 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 level of precept to be drawn down from the District 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 and cover any unplanned expenditure that might arise.

We note that, following due discussion, the 2026-27 budget and precept were approved at the January 2026 Council meeting with the latter remaining unchanged at £24,000.

We are pleased to note that the Clerk continues to provide members with detail of the Council's budgetary position during the year and have reviewed the year-end Scribe generated budget report with no issues identified warranting further enquiry or comment.

We have also examined the detailed transaction listings (receipts and payments) by code and are pleased to record that no obvious miscodings exist.

Conclusions

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

Review of Income

The Council receives limited income primarily by way of the annual precept, together with bank interest and occasional CIL moneys. Our objective in this area is to ensure that all income due to the Council is identified and recovered within an appropriate period and is also banked promptly. We have consequently examined the income detail for the year agreeing it to available documentation with no issues arising.

Conclusions

We are pleased to record that no issues or concerns arise in this review area,

Petty Cash Account and Cash Payments

The Council does not operate a petty cash account, although a Lloyds credit card is in use, held by the Clerk, for ad hoc purchases, detail of which we have examined as part of the above referenced Review of Expenditure. No cash payments are made.

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.

The Clerk is the Council's only employee: we have previously examined the content of her employment contract noting that she is paid in accordance with the nationally agreed NJC salary, increased to point 23 for 2025-26, for a contracted 12 hours per week. The Council has again outsourced preparation of the monthly payroll to PATA, with all necessary monthly documentation provided to the Clerk to facilitate payment of her net salary together with the tax and NI deductions / contributions to HMRC and the NEST pension contributions.

To meet the above objective, we have: -

- Checked and agreed the Clerk's gross salary paid in April and October 2025, with the 2025-26 national pay award applied in the October salary calculations / payment, including arrears from 1st April 2025;
- Checked and agreed the calculation of any tax and / or NI deductions as recorded on the above pay slips to the HMRC tax code and appropriate NI Table; and
- Ensured that the Clerk's NEST pension contributions are being calculated at the appropriate percentage rate.

Conclusions

We are pleased to record that no issues have been identified in this area this year.

Fixed Asset Registers

The Practitioner's Guide requires all councils to maintain a register of all assets owned. We are pleased to note compliance with this requirement, with detail recorded in the Asset module of the Scribe accounting software. We have reviewed the resultant documentation noting that the new defibrillator acquired during the year has been added to the register.

We are also pleased to note the inclusion of photographs on the Asset register maintained in Scribe.

Conclusions

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

Investments and Loans

We aim in this area of our review process to ensure that the Council is taking appropriate action to ensure interest earning capabilities are maximised whilst safeguarding the Council's resources. No formal investments are held by the Council, with interest received quarterly on the Unity Bank deposit account duly brought to account in Scribe.

No loans are in existence either payable by or to the Council.

Conclusions

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

Statement of Accounts / AGAR

The AGAR now forms the statutory accounts of the Council in accordance with the Accounts and Audit Regulations 2015. The Accounts and financial detail of the year's AGAR are generated automatically by the Scribe accounts and we have consequently agreed that detail to the underlying Scribe records: we take this opportunity to remind the Clerk that, as the total receipts and total payments for the year both exceeded the £25,000, a Form 3 AGAR will need to be prepared and the document be submitted to the external auditors for review and sign off..

Conclusions

We are pleased to record that no issues arise in this area warranting formal comment or recommendation and have duly signed off the IA Certificate in the year's Form 3 AGAR assigning positive assurances in each relevant area.