FINAL

Internal audit report 2025/26

Visit 2 of 4

HAYDON WICK PARISH COUNCIL

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Introduction

This report contains a note of the audit recommendations made to Haydon Wick Parish Council following the carrying out of internal audit testing remotely on 21st and 23rd October 2025 as completed in January 2026.

The audit work has been carried out in accordance with Appendix 9 of the 2014 'Governance and Accountability for Local Councils: A Practitioners' Guide', as supplemented by the requirements of later IA sections of the AGAR.

An internal audit covers the review of the operation of the Council's internal control environment. It is not designed to review and give full assurance over every transaction carried out by the Council. Instead it enables the auditor, following the sample testing of a number of different types of transaction, to give an opinion as to whether or not the control objectives are being achieved across a range of financial and governance systems.

Audit Opinion

As this audit report is an interim one, no audit opinion is offered at this stage.

The report issued after the final visit for 2025/26 (which will be between April and June 2026) will contain the audit opinion.

The following areas were reviewed during this audit visit:

1. Income
2. Payroll
3. Transparency

Audit Recommendations

Recommendations made during the audit are shown in appendix one to this report.

Recommendations are graded as follows:

Rating	Significance
High	Either a critical business risk is not being adequately addressed or there is substantial non-conformity with regulations and accepted standards.
Medium	Either a key business risk is not being adequately addressed or there is a degree of non-conformity with regulations and accepted standards.
Low	Either minor non-conformity with procedure or opportunity to improve working practices further.

The number of recommendations made at this audit visit and their priority are summarised in the following table:

Rating	Number
High	2
Medium	7
Low	1
Info	0
TOTAL	10

I would like to thank Georgina Morgan-Denn, Chief Officer/Clerk and RFO; Jodie Smart, Smart Public Finance; and Kendel Pyne, Accounts Assistant for their assistance during this audit

Appendix 1 – Recommendations and Action Plan

Recommendation number	Detail	Priority (Low/ Medium/ High)	Management Response	Responsible Officer	Due Date
5.1 – Prepare balance sheet reconciliations monthly	I attempted to compare the Council's aged debt report year on year in order to confirm that all income due to the Council is being collected. I was unable to do so as the finance system does not permit the running of historic reports. This makes it more difficult to compare ageing at different month ends (which would allow for the profile of seasonal invoicing during the year). I recommend that the Council considers carrying out balance sheet reconciliations each month and saving down the trial balance, aged debt and aged creditor reports and reports to support other month end balance sheet account balances. This will ensure that any errors on the balance sheet accounts are detected and can be remedied in-year, which will improve the accuracy of management accounts reporting. It will also enable better monitoring of changes to the aged debt profile.	M	This will now be part of month end routine. Balance sheet and Trial Balance are saved for IA to compare for any discrepancies. Note: as part of the month end clearance is to do a data check of the Trial Balance and Nominal Ledger. This always confirms that they agree/reconcile. Therefore, we think something went through retrospectively like a journal or VAT figure that produced the discrepancies.	Chief Officer/ Accountant	Completed
5.2 – Take action on older debt	I found that the total of aged debt as at 08/10/25 increased slightly since 31/03/25, but that the profile worsened. 74% or £2384.60 of the debt was older than 60 days. According to the Finance	H	This will form part of the monthly invoicing process.	Chief Officer/ Accountant	Completed.

	Consultant and Accounts Assistant, £1.5k of that debt has been chased but remains outstanding at 1/12/25, meaning that the debt is now over 120 days old. I also noted that 2/9 of the income samples were collected after 30 days (one at 62 and the other at 105). I recommend that the Council continues to chase the older debts and considers what further action may be taken to ensure recovery. This will help to ensure that all income due is collected.		Note: in practice some of the debtors are invoiced in advance and pay in instalments which means. The longer outstanding debtors are chased monthly, and as per Council's Financial Regs, will be reported to Council and written off during the Year End process, if required.		
5.3 – Make amendments to transport spreadsheet to improve audit trail	I checked to see that a sample of income was properly recorded and promptly banked. I was provided with a summary sheet for community transport income for June 2025. Total income was £305.50. The Accounts Assistant noted that £290 of the income was banked leaving a £15.50 float balance. Whilst the £15.50 was shown on the sheet, the audit trail tying the £290 banking to the finance system was unclear. The Accounts Assistant noted that £245 was shown as community transport income with the balance of £65 shown as memory cafe donations. It is not clear why some of the transport income was recorded as donations. Both were dated at the start of June although the spreadsheet was recording income for the whole of June.	M	We can confirm that all income is accounted for in separate spreadsheets which correlate to the cash tins. It is noted that this has been raised and dealt with in previous Internal Audits so we puzzled why there was an issue on this visit. The spreadsheet does not require any further amendments.	Chief Officer/ Accountant	Completed

	I recommend that the spreadsheet is updated to note the clear split of monies banked for the period and monies carried forward. Monies banked should note the amount and date of banking along with paying-in slip reference, and should where the bankings were coded to with the relevant amounts. This will improve the audit trail.				
5.5 – Include detail of number and value of tickets sold	I checked to see that a sample of receipts had prices which agreed with those set by Council. I found that most agreed but noted that I was unable to confirm that the correct prices were being charged for the community transport fares as the record provided for audit recorded daily takings as a total. I recommend that spreadsheet is amended to include a summary of the number and value of each type of ticket sold each day. This will improve the audit trail and allow the finance team to confirm that the correct prices are being charged.	M	The daily bus sheets record the value of the journey and were provided to the IA. The spreadsheet does not require any further amendments.	Chief Officer/ Accountant	Completed
5.6 – Ensure VAT is accounted for where due	I checked to see that VAT output tax had been treated correctly for a sample of receipts. I found that the treatment was correct for most samples but noted that no VAT was charged on training fees recharged to other Councils, although the related purchase invoice contained standard VAT.	H	This has been noted, VAT will be charged going forward.	Chief Officer/ Accountant	Completed

	I recommend that the Council ensures that it correctly accounts for VAT on recharged goods and services.				
7.1 – Ensure payroll posting errors are amended	I checked a sample payroll month to confirm that payments and deductions were correctly coded and suspense accounts promptly cleared. I found that: 1. The September payroll journal was posted with the date of 16/09/26 instead of 16/09/25. This will mean that the month end figures for September 2025 will be incorrect as the finance system will show them as relating to September 2026. 2. £30 too much pension costs were shown as the figure for pension costs for the month per the payroll report was incorrectly transcribed. 3. £2.50 too much telephone costs were shown as the payroll journal had not been amended from the previous month after the allowance paid to one member of staff was changed. The Finance Consultant has confirmed that these errors will be amended when the journal is reversed and re-entered. I recommend that this is actioned as planned.	M	These are unfortunate human errors but noted.	Chief Officer/ Accountant	Completed
7.2 – Ensure payments due to third parties are confirmed monthly	I found that £375 was paid into a staff savings scheme for the sample month when the deduction should have been £75, a difference of £300. The error occurred because no payment schedule is provided by the savings scheme administrator. The Finance Consultant has confirmed that a	M	An unfortunate human error which was corrected almost immediately at the time.	Chief Officer/ Accountant	Completed

	process has been put into place to ensure that the Accounts Administrator is told of changes to the staff savings scheme payments when they arise in order to ensure that the correct amount is paid. The FInance Consultant also confirmed that the overpayment was allocated to the employee's savings account, with a staff loan of £250 put in place to repay the overpayment. I recommend that the payments due are confirmed each month in order to ensure that there is certainty over third party liabilities.				
7.3 – Ensure additional hours are only paid on receipt of a signed timesheet	I checked to see that other payments made to employees for a sample payroll month were reasonable, properly supported and approved by the Council. I found that additional hours or hours paid to timesheets were paid in relation to 3 members of staff. I was able to agree the hours for 2/3 staff to signed timesheets, but unable to agree a payment for 3 hours for one of the staff as the payment was made based on a verbal claim. The Clerk has confirmed that this is an unusual practice and that the related employee is no longer with the Council. I recommend that payments for additional hours are only made following receipt of a signed timesheet or overtime claim. This will help to reduce the risk of fraud and error.	M	This process exists already. It was a rare verbal occurrence and will not be repeated.	Chief Officer/ Accountant	Completed

7.4 – Check carry forward totals on timesheets	I was unable to agree the c/f hours for two employees. For one employee, the total of hours b/f, and worked in excess of the working week was 13.25 hours, but the amount shown on the c/f for the period was 10.25 hours (w/c 11/08/25). For another, the c/f for the week should have been 7 hours (3.5 hours b/f plus 3.5 worked) but the c/f showing on the timesheet was 5 (w/c 01/08/25). I recommend that the timesheets are checked to ensure that the correct c/f hours is shown, with any adjustment due made in order to ensure that staff are paid for the hours worked.	L	This process exists already.	Chief Officer/ Accountant	Completed
12.1 – Ensure action taken as planned to address Transparency publications	I checked to see that the Council had published information in accordance with the Transparency Code 2015. I found that the list of expenditure over £500 was not being published due to an oversight. I noted that the Council published full bank statements each month with just redactions for staff and councillor payments, and recommended that this not be done as it increases the risk of fraud. The Clerk confirmed that the payment lists will be added to the Council or F&P agenda packs and that action would be taken to redact the details of the Council's bank accounts. I recommend that this is done as planned.	M	This was noted and implemented immediately.	Chief Officer	Completed