FINAL

Internal audit report 2025/26

Visits 3 & 4 of 4

HAYDON WICK PARISH COUNCIL

Date: 21st May 2026

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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 24th March 2026 and 7th May 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

The internal audit for 2025/26 has now been completed in accordance with the provisions of the Practitioners' Guide and the CIPFA code of internal audit practice.

Based on the sample testing carried out at this final audit visit and during the year, all of the Council's current financial controls reviewed during the testing appear to be operating effectively with the exception of:

<u>Internal Control O: Assertion 10 – Digital and Data Compliance</u>
During the year the requirements of the Council's Annual Governance Statement Assertions and of the Annual Internal Audit Report were expanded to include assurances and testing around Digital and Data. As a result, I have carried out new testing in this area. I found that whilst the Council is compliant in relation to some requirements, it had not carried out the following actions:

- The authority has not carried out a full data audit of all data held. According to the Clerk this work is on-going with and expected to be complete in 26/27; and
- Whilst a GDPR policy and an IT policy have now been adopted by the Council, this was only done part-way through the year (in May and November 2025 respectively).

As a result, I have responded 'no' for this test.

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	5
Medium	5
Low	4
Info	1
TOTAL	15

The number of recommendations made at all of the audit visits in 2025/26 and their priorities are summarised in the following table:

Rating	Number			
	Visit 1	Visit 2	Visit 3	TOTAL
High	0	2	5	7
Medium	0	7	5	12
Low	0	1	4	5
Information	1	0	1	2
TOTAL	1	10	15	26

I would like to thank Georgina Morgan-Denn, Chief Officer/Clerk and RFO; Jodie Smart, Smart Public Finance; and Kendel Pyne, Finance 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
2.1 – Ensure utility direct debits are regularly reconciled to invoice	I checked to see that a sample of 48 payments in the cashbook were supported by invoices or other documents, authorised and minuted. I found that 47/48 payments were supported by paperwork but that 1/48 (relating to a direct debit payment for water) had not been reconciled back to the related invoice so no paperwork was provided during the audit visit. As I was unable to tie the payment back to an invoice, to prove that it had been correctly coded and that VAT had been treated correctly, and that the related invoice had been reported to Council. The Finance Assistant noted that the Accounts Consultant would be carrying out a reconciliation of utilities as part of the preparation of the year end accounts, which should mean that the invoice can be provided during the final audit visit. I recommend that the utilities are reconciled as planned at the year-end and that reconciliation then takes place monthly as part of the month end processes in order to ensure that all payments made by the Council are fully supported by invoices that have been checked and signed off to confirm	H	Year-end utility audit complete and all invoices/coding/VAT has been reconciled. This action will now form part of the monthly audits completed by the Accounts Consultant.	Finance Assistant/ Accounts Consultant	Complete

	all goods or services have been satisfactorily received and that payments have been correctly coded with VAT properly treated and that the payments have been reported to Council. This will reduce the risk of fraud and error.				
2.2 – Ensure suppliers are promptly paid	I also found that another invoice relating to the GMF build had not been paid in full. The Finance Assistant noted that the Council were aware of the underpayment and that the supplier had not chased the remaining funds. I recommend that, save for amounts retained under retention agreements, the Council ensures that suppliers are paid promptly once goods and services have been satisfactorily received.	M	Outstanding payments form part of the monthly audit completed by the Accounts Consultant.	Finance Assistant/ Accounts Consultant	Ongoing
2.3 – Ensure payments are authorised	I found that there was no authorisation on the paperwork relating to a payment to the annual ICO subscription. I recommend that the Council ensures that all payments are authorised by the Clerk or other delegated budget holder in order to ensure that goods or services covered by the payment have been satisfactorily received and the amount cleared for payment.	M	The Finance Assistant has been instructed to upload all of the purchase invoices to the accounting system to Sharepoint so that the Accounts Consultant can confirm approval and cross reference to the payment schedule as part of the new monthly audits.	Finance Assistant/ Accounts Consultant	30.06.26
2.4 – Ensure debit balances on supplier codes are checked with invoice	The ICO payment had been coded as a payment on account (PoA) against the supplier code pending receipt of the invoice, which means that the expenditure was not shown as part of the accounts (meaning expenditure was understated) and has not been reported on a payments list. During the audit testing a copy of the confirmation email from	H	The Finance Assistant is no longer permitted to process ‘payments on account’ without the express permission of the Chief Officer and/or the Accounts Consultant. It will only be	Finance Assistant/ Chief Officer/ Accounts Consultant	Ongoing

payments coded out asap	the ICO was provided, which is typically the only receipt provided by that organisation. I recommend that the supplier accounts are checked for payments on account and that invoices are promptly obtained for any PoAs relating to goods or services that have been received so that they can be recoded to expenditure and included on a payments list to be minuted by members.		permitted if an invoice is delayed and will be reviewed the following month to ensure the expense has been recorded properly.		
2.5 – Cease publication of bank statements	Whilst I was checking that the payments had been minuted for approval I noted that the Council is still publishing full bank statements, albeit with some redacted information. I remain concerned that the extent of information published would facilitate fraud and error by malicious third parties, and that any potential claims against the insurer for loss would fail due to contributory negligence. I recommend that the Council ceases publication of full bank statements as part of its agenda papers.	H	Bank Statement with Account Details has been redacted from the published statement and reporting.	Chief Officer	Complete
2.6 – Ensure bus shelter expenditure is correctly coded	I checked to see that a sample of payments were correctly coded. I found that most were coded correctly, but noted that two elements of an invoice for bus shelters totalling £720 were coded in error to a photocopier lease and a climate change budget. As noted above, I was unable to check the coding for the ICO and water payments. I recommend that the miscoded elements are recoded to the correct code in the accounts.	L	This was corrected during the year end process. Coding is now reviewed as part of the monthly audits	Finance Assistant/ Accounts Consultant	Complete
2.7 – Ensure utility	I followed up on the outstanding payments queries from earlier visits in 25/26. I noted that:	H	As per recommendation, the Accounts Consultant will	Chief Officer/ Finance	Ongoing

reconciliations and checks on completeness of payments lists carried out	1. The accounts consultant has carried out a reconciliation of the utilities. I was able to confirm that the direct debit sample for water was on the reconciliation, agreed to the invoice, and had been correctly coded in the final accounts. 2. I noted that one of the payments lists checked during the year had a different total to the amount shown in the minutes. The Clerk confirmed that the total should have been as per the payments list. 3. The second PWLB payment was omitted in error from the payments list, as was the ICO payment. The accounts consultant noted that this can happen where cashbook payments have been added after the daybooks were posted, meaning they were omitted in error from the payment schedule listing. 4. Per the minutes November 2025 credit card expenditure was not reported to Council. January 2026 was minuted twice. The total of the credit card expenditure for the period was only minuted for one of the months. The Clerk confirmed that November and December transactions went to the February Council but the minutes refer in error to January's list of payments. 5. The accounts consultant noted that the reconciliation exercise had highlighted a number of invoices that had not been entered onto the finance system and reported to Council at the time. The accounts consultant further noted that Council had already agreed an increase in hours to ensure that a reconciliation of utility invoices and a check that payments lists are accurate and complete will		undertake a monthly audit and checks against the payment schedule will form part of it. The errors within the minutes will be addressed by the Chief Officer.	Assistant/ Accounts Consultant	Minutes corrected 30.06.26

	be carried out in future. I recommend that the reconciliations and checks are carried out as planned.				
3.2 – Amend minute references	I reviewed the minute to confirm that there was no unusual financial activity. I found no such activity, but did note that the F&P minute references for the meeting 17/03/26, which ordinarily begin with the prefix 'FP' changed to 'FC' at minute 103. 'FC' prefixes are used for Full Council minute references. I recommend that the minute references are amended before the minutes are approved at the next meeting.	L	The errors within the minutes will be addressed by the Chief Officer.	Chief Officer	30.06.26
3.3 – Ensure minutes are on the website	I reviewed the minute to confirm that there was no unusual financial activity. I found no such activity, but did note that the minutes of the Personnel Committee of 18/02/26 were not on the Council's website. I recommend that the minutes are added at the earliest opportunity in order to ensure that a full record of Council business and decisions is available to the public.	L	Minutes will be uploaded by Chief Officer	Chief Officer	22.05.26
4.1 – Ensure figures in reports are consistent	I checked to see that there were no significant unexplained variances to budget. I found that the budget monitoring reports contained explanations for significant variances but noted that there were differences in the month 10 budget monitoring between the actuals shown on the cover report and the figures in the detailed report behind it. The Finance Assistant noted that the differences were due to the cover report not having been saved	L	The Accounts Consultant will undertake a monthly audit and checks against the payment schedule will form part of it.	Accounts Consultant/ Chief Officer	Ongoing

	down with the correct amendments. I recommend that a final check is carried out before reports are put on the agenda papers in order to ensure that figures are consistent between cover reports and appendices.				
5.4 – Ensure advertisers enter into a contract before advertisement is placed	One of my samples was a newsletter advertisement from the Summer '25 edition. I found that an invoice was raised for £388 (net) of advertising in three editions of the Council newsletter (Winter '24, Spring '25 and Summer '25) but that it was subsequently credited after the supplier was late getting back to the Council to confirm that they did not wish to continue with the advertisement. The Finance Assistant confirmed that the supplier had supported the newsletter for many years, but that their policy changed following a change in management. I recommend that the Council ensures that a supplier wishes to place an advertisement before the advertisement is run in order to ensure that a valid contract exists for which payment may be demanded.	M	Finance Assistant will raise invoices only after receiving email confirmation that an advertising order has been placed.	Finance Assistant/ Deputy Clerk	Ongoing
9.1 – Check Memory Café float reconciliation and ensure bus float accounted for at year end	I checked that the year-end bank reconciliation agreed to underlying bank statements. I found that the reconciliation agreed to the bank statements for the two accounts held, but that there was no note made of the year-end bus tin balance of £4.80 on the finance system as only the full coin bags that are banked periodically are added as a receipt when banked. I also noted that the reconciliation for the	M	Finance Assistant will note the float as part of the 'cashing up' monthly process. Accounts Consultant will add the year-end balance of bus income to the accounts.	Finance Assistant/ Accounts Consultant	31.03.27

	Memory Cafe float of £20 included an error (the value of 20p coins was noted as £3.30). I recommend that the Memory Cafe float reconciliation is checked to ensure that it is mathematically correct each month, and that the Bus float balance is added, at least at the financial year-end, in order to ensure that the correct figures are stated for income and bank.				
10.1 – Ensure accruals and prepayments are double-checked; and pay or clear charity donation balance	I checked debtors and creditors to ensure that they were correctly stated and supported by appropriate evidence. I found that: 1. Prepayments of £23.1k were accrued. I tested £20k of the prepayments (87%). Of the prepayments tested, I was able to prove £19.3k (96%), but noted that £756 (4%) had been accrued in error as the related prepayment had already been included in another figure. If this error was extrapolated to the total, it would give an overstatement of prepayments/understatement of other payments of £873. 2. Accruals of £13.4k were accrued. I tested £11.5k (86%). Of the accruals tested, I was able to prove £8.5k (74%). I was unable to prove £488 (4%). I noted that a further £2.5k (22%) was accrued in error, as the invoices for which the adjustments were made related wholly to 26/27. If this error was extrapolated to the total, it would give an overstatement of accruals/overstatement of other payments of £3k. 3. I noted that a charity donation creditor of £47.05 which was on last year's balance sheet had not	M	Above process of uploading invoices will aid in the checking of pre-payments. In future the Finance Assistant will send the Accounts Consultant all invoices to be accrued so that a more rigorous check can be completed	Finance Assistant / Accounts Consultant	31.03.27

	been cleared. The Finance Assistant confirmed it had not been paid. Note that the net overstatement of payments is not material to the other payments total. I recommend that the accruals and prepayments adjustments are double-checked in order to ensure that they do not contain duplicates and apply for the correct period. I further recommend that the donation is paid or cleared in 26/27.				
10.2 – Adjusted errors	The following errors were adjusted in the AGAR and detailed financial statements: 1. The current year value of fixed assets was reduced by £765k relating to the new GMF building, which was still a work-in-progress construction at 31/03/26. This had no impact on reserves. 2. The prior year value of fixed assets was increased by £10 to reflect assets that had previously been held by the Council but omitted in error from the asset register. This had no impact on reserves. 3. A casting error on the carry forward reserves for 25/26 was corrected. 4. A small number of presentation issues and the value of community development marketing were corrected in the detailed financial statements.	Info			
15.1 – Complete data audit as planned and ensure Assertion 10 is correctly completed	During the year the requirements of the Council's Annual Governance Statement Assertions and of the Annual Internal Audit Report were expanded to include assurances and testing around Digital and Data. As a result, I have carried out new testing in this area. I found that whilst the Council is	H	Sector guidance for new Assertion 10 was issued part way through the audit period, contributing to sector-wide non-compliance.	Chief Officer	30.10.26

	compliant in relation to some requirements, it had not carried out the following actions: - The authority has not carried out a full data audit of all data held. According to the Clerk this work is on-going with and expected to be complete in 26/27; and - Whilst a GDPR policy and an IT policy have now been adopted by the Council, this was only done part-way through the year (in May and November 2025 respectively). As a result, I have responded 'no' for this test. I recommend that: - The Council completes the data audit as planned and ensures that this is updated annually - The Council responds 'no' to assurance 10 on the Annual Governance Statement and makes a note of how it will ensure compliance in future.		A structured data audit is in progress to support Assertion 10 and UK GDPR compliance; phased review of digital and paper records underway, with full data inventory targeted for Autumn 2026.		