

Grimsargh Parish Council

INTERNAL AUDIT 2025-2026

Financial Year Ending: 31.03.2026

Internal Auditor: Jessica Dibble

Date of Audit: 02.05.2026

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1. Role of Internal Audit

This internal audit has been carried out in accordance with:

- Accounts and Audit Regulations 2015
- JPAG Practitioners' Guide

The purpose is to provide independent assurance that:

- Financial systems are operating effectively
- Internal controls are adequate
- The council complies with statutory requirements

2. Audit Approach

The audit was conducted using a risk-based and sample testing approach, including:

- Review of financial records and accounting system
- Testing of transactions
- Review of governance and compliance
- Review of policies, procedures, and supporting documentation

3. Internal Audit Opinion

In my opinion, Grimsargh Parish Council has an adequate and effective system of internal control in place, which operates efficiently overall.

Testing undertaken during the audit confirmed that financial records are well maintained, key controls are consistently applied, and there is a clear audit trail supporting the council's transactions and governance processes.

However, a weakness was identified in the classification of long-term investments within the AGAR, where these have been incorrectly included within Box 9 (Fixed Assets) rather than Box 8 (Total Cash and Short-Term Investments). Whilst this represents a presentational issue and the underlying figures can be reconciled to the accounting records; it should be addressed to ensure full compliance with AGAR guidance.

Subject to this matter being resolved, the council's overall control environment is considered sound.

4. Detailed Findings - AGAR Control Objectives

A. Accounting Records

Objective: Proper accounting records maintained

Audit Checks:

- Opening balances agree to prior year
- Accounting system used correctly
- Sample transactions tested

Findings:

The council maintains its accounting records using a manual cashbook. Opening balances as at 1st April were verified and agreed to the prior year closing balances reported in the AGAR. The accounting system is being used consistently and appropriately for the size and nature of the council's activities.

A sample of transactions was tested and found to be accurately recorded in the cashbook, supported by appropriate invoices and documentation, and providing a clear audit trail through to the bank statements. No discrepancies were identified during testing.

Conclusion:

✓ Yes - Proper accounting records maintained.

B. Financial Regulations & Payments

Checks:

- Financial Regulations adopted and reviewed
- Payments supported by invoices
- Payments approved and minuted
- VAT correctly treated

Findings:

Financial Regulations are in place and were reviewed during the audit. A sample of payments confirmed that expenditure was supported by invoices, properly authorised, and recorded in the minutes. VAT has been correctly accounted for and reclaimed where appropriate.

Sample transactions to show detailed review:

- £25,000.00 grant to PTFA – approved and minuted in January 2026 (Minute reference 93)
- £8,000.00 grant to GVFC – approved and minuted in October 2025 (Minute reference 59)
- £626.00 payment to Northwest Mowers – supported by invoice and recorded in the cashbook

Conclusion:

✓ Yes – Maintained and recorded to a high standard.

C. Risk Management

Checks:

- Risk register in place and reviewed
- Insurance adequate
- Key risks identified

Findings:

The council maintains a risk register which is reviewed regularly and is due to be published on its website. Key risks have been identified and appropriate mitigation measures are in place. Insurance cover was reviewed and found to be adequate for the council's activities.

Conclusion:

✓ Yes – well managed.

D. Budgetary Control

Checks:

- Budget approved
- Precept properly set
- Budget monitoring carried out
- Reserves appropriate

Findings:

The council operates an appropriate budgetary control process. The budget and precept for the 2025/2026 financial year were considered and approved by councillors, with a precept of £45,000 formally agreed at the meeting held in January 2025, as evidenced in the minutes.

Budget monitoring is undertaken during the year, with actual income and expenditure reviewed against the approved budget. No significant unexplained variances were identified

Conclusion:

✓ Yes – Covered

E. Income

Checks:

- Income recorded correctly
- Banked promptly
- VAT correctly treated

Findings:

Expected income, including precept, Community Infrastructure Levy (CIL), bank interest and reimbursement for insurance excess, was reviewed and found to be fully and accurately recorded in the accounting records.

A sample of income transactions confirmed that receipts were supported by appropriate documentation and banked promptly. VAT has been correctly accounted for, with a VAT reclaim submitted on 18 June 2025 in respect of in-year expenditure. No issues were identified in relation to VAT.

Sample income transactions reviewed included:

- £45,000.00 precept received – recorded in the cashbook and traced to bank statements
- £12,289.43 CIL receipt – recorded and supported by remittance advice
- £1,653.34 Bank interest – correctly recorded in the accounting records and bank statements
- £90.56 Insurance excess reimbursement – supported by documentation and recorded appropriately

Conclusion:

✓ Yes - Income recorded well, I was able to easily trace the records to bank statements, confirming completeness and accuracy.

F. Petty Cash

The council does not operate a petty cash system. All expenditure is processed through the council's bank account, which reduces the risks associated with cash handling.

G. Payroll

Checks:

- PAYE/NI correctly applied
- Payroll records accurate
- Pension compliance

Findings:

Payroll is processed in-house. Salary payments were tested and found to agree to payroll reports and bank payments. PAYE, National Insurance, and pension contributions were correctly calculated and submitted in line with statutory requirements.

Conclusion:

✓ Yes - Income recorded well, I was able to easily trace the records to bank statements, confirming completeness and accuracy.

H. Assets

Checks:

- Asset register maintained
- Matches AGAR
- Additions recorded

The council maintains an asset register, which was reviewed during the audit, with a total value of £78,220.45 for land and equipment held. The register is appropriately maintained and reflects the council's tangible fixed assets.

However, it was noted that the figure reported in Box 9 (Fixed Assets) of the AGAR is £327,485. This includes the value of long-term investments held by the council, which have been treated as fixed assets.

✓ Yes - Whilst this represents a misclassification, the underlying figures can be reconciled to the council's accounting records, and the total funds held remain accurate.

I. Bank Reconciliation

Checks:

- Monthly Reconciliation completed
- Year End Reconciliation accurate

Findings:

Bank reconciliations are completed regularly throughout the year. The year-end reconciliation was reviewed and found to be accurate, with balances agreeing to both the accounting records and bank statements.

Conclusion:

✓ Yes – Bank reconciliations are performed regularly and the year-end reconciliation was found to be accurate. Balances were verified against accounting records and bank statements, confirming completeness and reliability.

J. Accounting Statements

Checks:

- Correct Accounting basis used

Findings:

The accounting statements have been prepared on the correct basis and were found to agree to the underlying accounting records. A clear audit trail exists from source documentation through to the final accounts.

Conclusion:

✓ Yes – The accounting statements have been prepared on the correct receipts and payments basis and were found to agree to the underlying accounting records. A clear audit trail exists from source documentation through to the final accounts.

K. Exemption

Checks:

- Confirm whether authority was exempt in 2024/2025
- Verify Certificate of Exemption was completed
- Was this published on the website
- Review minutes confirming exemption approval

The council did not meet the exemption criteria and correctly submitted to external audit.

L. Website & Transparency

Checks:

- Policies published
- Minutes & agendas available
- AGAR documents published

Findings:

The council maintains a website on a .gov domain where required information is published. At the time of the audit, policies and documentation were in the process of being migrated to the new website.

Key documents, including minutes, agendas and AGAR information, were available and up to date in accordance with transparency requirements. Where policies had not yet been published online, these were provided promptly upon request. All documentation required to support the AGAR review was readily accessible.

Conclusion:

✓ Yes - The council meets transparency requirements. Key information is published on the website, and any documents not yet available online due to the ongoing migration were provided promptly upon request.

M. Public Rights

Checks:

- Correct 30 working day period

- Proper notice published

Findings:

The council has prepared a draft notice and correctly provided for the exercise of public rights. The notice will be published in line with statutory requirements, covering the required 30 working day period including the first 10 working days of July.

Conclusion:

✓ Yes - Draft Notice of Public Rights for the 2025/2026 financial year inspection period is stated as commencing on Wednesday 3 June 2026 and ending on Tuesday 14 July 2026.

N. AGAR Publication 2024/2025

Checks:

- AGAR published correctly
- External Auditor Report Published

Findings:

The council has complied with AGAR publication requirements. Sections 1 and 2, along with the Notice of Public Rights and Notice of Conclusion of Audit, were published within the required timeframes.

Conclusion:

✓ Yes – Easily located under the finance section of the website.

O. Digital Compliance

Checks:

- Data Protection Policy / GDPR Policy in place and up to date
- IT Policy in place
- ICO registration in place
- Secure email (e.g. gov.uk)
- Website meets basic compliance requirements (contact details, transparency)
- Website meets accessibility

- Secure password protection on devices

Findings:

The council has appropriate arrangements in place for IT and data management. Policies relating to data protection and GDPR were reviewed and found to be in place and up to date. The council is registered with the Information Commissioner's Office (ICO), and appropriate measures are in place for the secure storage of data and restricted access to records.

The council operates using secure email on a .gov domain, supporting good practice in communications. The website includes key information such as contact details and privacy/data protection notices in line with transparency requirements.

The website accessibility arrangements were tested as 96% accessible.

Conclusion:

It is recommended that the council reviews its website accessibility although it does meet the basic requirements.

P. Trust Funds

Checks:

- Does the council acts as trustee for any trust funds
- Verify trust funds are accounted for separately
- Confirm trust transactions are not included in AGAR figures
- Review any trust accounts or financial records
- Verify any reporting requirements for the trust have been met

Findings:

The council does not act as trustee for any trust funds.

5. Follow-up on Previous Audit (If any)

The external auditor's report for 2024/25 identified issues relating to the treatment and valuation of assets, specifically the inclusion and revaluation of long-term investments within Box 9 of the AGAR, and the failure to restate prior year figures accordingly.

During the current audit, it was noted that the council continues to treat long-term investments as fixed assets, indicating that this matter has not yet been fully resolved in line with AGAR guidance.

6. Additional Comments

The Clerk has maintained a sound and effective system of financial administration throughout the year. Records were well organised, accurate, and readily available for review, which supported an efficient and transparent audit process.

The standard of record keeping and responsiveness to audit queries was good, with all requested documentation provided promptly. Overall, the Clerk has demonstrated a strong understanding of the council's financial and governance responsibilities.

7. Assurance

- Green = Strong controls / No issues
- Amber = Generally sound with minor issues / improvements recommended
- Red = Significant weaknesses / action required

Area	Rating	Comments
Accounting Records	●	Records are well maintained and accurate, with a clear audit trail in place.
Financial Controls	●	Financial controls are operating effectively, with appropriate authorisation and supporting documentation in place
Risk Management	●	Risk management arrangements are in place and reviewed appropriately.
Budgetary Control	●	Budget setting and monitoring processes are appropriate and evidenced in the minute.

Area	Rating	Comments
Income	●	Income is fully and accurately recorded, with receipts supported and banked promptly.
Payroll	●	Payroll is processed accurately and complies with PAYE, NI and pension requirements.
Assets	●	The asset register is maintained; however, there is some confusion between Box 8 and Box 9 reporting. Long-term investments (£249,265) have been treated as fixed assets and should be reported within Box 8 going forward.
Bank Reconciliation	●	Bank reconciliations are performed regularly and are accurate.
Governance & Transparency	●	The council meets transparency requirements, with key documentation available and up to date.
Public Rights	●	Arrangements are in place for the exercise of public rights comply with statutory requirements.
AGAR Publication	●	AGAR documentation has been prepared and is due to be published in accordance with requirements.
Digital & Data Compliance	●	Appropriate data protection and IT arrangements are in place, with minor areas for improvement noted.

8. Recommendations

Issue	Recommendation	Priority
Incorrect classification of long-term investments within Box 9 (Fixed Assets) of the AGAR	The council should review the treatment of long-term investments and ensure these are excluded from the asset register and reported within Box 8 (Total Cash and Short-Term Investments) in line with AGAR guidance. The asset register and AGAR figures should be amended accordingly in future reporting periods.	Medium
Website accessibility at 96%	The council should review its website to try and ensure 100% accessibility – lighthouse check with website provider should ensure it meets accessibility.	Low
Ongoing migration of website content	Continue migration of policies to the .gov website to ensure all documents are publicly accessible.	Very Low

9. Independence Statement

I confirm that I am independent of the council and have no involvement in day-to-day financial management.

Signed: 

Date: 02/05/2026