# INTERNAL AUDIT REPORT – 2025/2026
# WYNYARD PARISH COUNCIL

## 1. Background

1.1. Following the abolition of the Audit Commission a new organisation has been established which is responsible for issuing proper practices in relation to the accounts of smaller authorities. It is called the Smaller Authorities Proper Practices Board (SAPPB), and is made up of members of the SLCC, NALC, CIPFA, the Department of Housing, Communities and Local Government (DHCLG), the Department of Environment, Food and Rural Affairs (DEFRA), the National Audit Office and a representative of the external audit firms appointed to smaller authorities.

1.2. Every smaller authority in England that either received gross income or incurred gross expenditure not exceeding £25,0000 must complete Part 2 of the Annual Governance and Accountability Return (AGAR) at the end of each financial year and complete an exemption form. The AGAR is made of 3 sections along with an annual internal audit report. which is t o be completed by the Parish Council's independent internal auditor, who is to give an opinion on the Parish Council's internal controls. Hawthorne Parish Council completed Part 2 of the AGAR, and a Certification of exemption form completed.at the June Council meeting.

**2. Objectives of the Audit**

2.1. To examine the system of internal controls with regard to the AGAR and to ensure that the Parish Council may obtain an adequate level of assurance for its activities.

**3. Scope of the Work and the areas of Audit Work examined.**

3.1 The Scope of Work covers the control tests identified in in the AGAR and no other internal audit work was carried out.

3.2. The following areas of activity have been examined and tested by the Internal Auditor:

- Payroll
- Creditors
- Risk Management
- Income collection and Banking arrangements
- Assets
- Debtors
- Budgetary Control (including year-end procedures)

3.3. The audit findings of this report have been discussed with the Clerk of the Council and any audit recommendations have been agreed with him

**4. Findings**

**4.1. Payroll**

4.1.1 The Parish Council has 1 employee (Clerk) and works standard hours per week and is paid by through HMRC Basic Tools by BACS and is registered with HMRC and his pay is subject to deductions.

4.1.2. I examined the wages paid to the Clerk and the deductions payable to HMRC for the financial year 2025/2026 and all payments had been correctly made and accounted for.

**4.2. Creditors**

4.2.1. There is no separation of duties regarding Finance and Administration at Wynyard Parish Council, as the Clerk is the Officer responsible. Compensating checks are carried out by Members, who agree the payment of accounts each month as recorded in the minutes under a financial report

4.2.2. Financial Regulations paragraph 5.3. state " All invoices for payment shall be examined, verified and certified by the RFO to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the council" This has not been carried out.

4.2.3. There is no petty cash held at the Parish Council, and any payments to the Clerk for postage and administration expenses are reimbursed on receipt of invoices. This was found to be correct.

**4.3. Governance including Risk Management**

4.3.1. The annual governance statement and statement of accounts are reviewed and agreed at the June meeting of the Council. A review of the Financial Regulations, Standing Orders are reviewed at the Annual General meeting each year Although the risk register out of date and is to be reviewed at the July meeting.

4.3.2. There has been no review of the effectiveness of internal control carried out, which should be carried out in accordance with the Accounts and Audit Regulations 2015

4.3.3. Policies and procedures are reviewed when required and approved at the May meeting

4.3.4. The Parish Council has a very small budget with only 1 employee, and therefore its risks are very considered low.

4.3.5 The announcement of the public rights for 2024/25 was announced at the 18th June 2025 to commence 18th June to 29th July 2025

4.3.5 I cannot confirm that the Council has conformed with Assertion 10 requirements as the relevant policies have not been reviewed and agreed during the year.

**4. Income collection and Banking arrangements**

4.4.1. During the year income for the Council was from the precept.

4.4.2. Vat is not recorded on the payment spreadsheet kept by the Clerk and a VAT claim has never been submitted, therefore the Council has not properly accounted for VAT (No for Assertion 2and 5 and 6)

4.4.3. There were no receipts to examine for the year

4.4.4. The Council has 1 bank account:
- Current account

4.4.5. I reconciled the bank statements at the end of the year to the Receipts and Payments record.

**4.5. Accounting Records (including bank reconciliation)**

4.5.1. Bank statements are reconciled between the bank statements and the receipts and payments records quarterly and are reported under the Financial reports.

**4..6. Security/Assets**

4.6.1. There is an Inventory of assets which is reported to Council with the annual statement of accounts.

**4.7. Debtors**

4.7.1. The Council does not receive any income from debtors.

**4.8. Budgetary Control and Budget Setting**

4.8.1. The precept was agreed for the coming year, and budget setting was initially discussed at a Council meeting on 25th November 2025 and 16th December 2025 and it was agreed that the Council proceed toward setting a nil precept, and a budget review was . discussed and agreed. A nil precept is acceptable when a Council has adequate reserves

4.8.2. A review of budgetary control is carried out quarterly and to assist the budget setting process and reported to Members.

## 5. Conclusions

5.1. The Internal Controls covered regarding the AGAR within the Parish Council are not satisfactory for the size of the Council, and certain assertions on the AGAR are recorded as "NO".

## 6. Recommendations

6.1. See 4.2.2 – The Clerk should sign and date each invoice and show the date submitted to Council for payment

6.2. See 4.3.2. - A review of the Statement on Internal Control should be carried out around March each year.

6.3. See 4.3.5. – The Council during the year should ensure that it conforms to the guidance regarding Assertion and review and adopt the relevant policies.

6.4. See 4.4.2. – VAT should be recorded on the expenditure record of all payments made and a claim submitted annually to reclaim vat. As it appears no claim as ever been submitted the Council could claim for the last 6 years if they have the relevant records and invoices.

**Gordon Fletcher (C.M.I.I.A.)**
**Internal Auditor,**
**Date: 16th June 2026**