

Public Sector Audit

Skidby Parish Council

Internal Audit Report for the year ended 31 March 2026

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Introduction

Part 2, paragraph 5 (1) of the Accounts and Audit Regulations 2015 imposes a duty on Local Councils to “undertake an effective Internal Audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

Internal audit is a key component of the system of internal control. The purpose of internal audit is to review whether the systems of financial and other controls over a council's activities and operating procedures are effective.

At the request of the council I have conducted an Internal Audit review of the council's accounting records in respect of the financial year ended 31st March 2026. I have acted independently and, on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in place during the financial year.

The audit has been carried out in accordance with the council's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions and recommendations have been recorded in the table below.

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Prioritisation of recommendations

In accordance with good internal audit reporting practice and the Governance and Accountability for Local Councils Practitioners Guide, the recommendations contained in this report have been prioritised. The following 'traffic light' system for the prioritisation of recommendations has been adopted: Page | 3

- Significant weakness in internal control requiring urgent attention.
- Moderate weakness in internal control requiring attention within the current year.
- Minor weakness in internal control, or matters of good practice the council may wish to consider, to be addressed within the current year.

Distribution List

Chairman of the Council

All Members of the Council

Clerk to the Council

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The findings of the audit are summarised below

	Test	Findings and Recommendations
1	Have appropriate books of account been properly maintained throughout the year?	<p><u>Appropriate accounting records</u></p> <p>Findings</p> <p>The cash book is maintained on an accounting package called Easy PC Accounts.</p> <p>➤ It is noted that a Cemetery package has also been purchased from Scribe.</p> <p>A year-end bank reconciliation has been performed and monthly reconciliations are presented to each meeting of the council.</p> <p>As noted in section 11 of this report, the accounting package does not provide an audit trail from the cash book to the year-end Accounting Statement and this has resulted in errors on the Accounting Statement.</p>
2	Have the council's Financial Regulations and Standing Orders been formally adopted and complied with?	<p><u>Adherence to Financial Regulations and Standing Orders</u></p> <p>Findings</p> <p>The council's Financial Regulations and Standing Orders, amended to reflect changes to procurement legislation and the Code of Conduct in respect of complaints, were approved at the council meeting held on the 6th May 2025. Both Financial Regulations and Standing Orders reflect the latest NALC Models.</p>
3	Are payment controls effective and VAT properly accounted for?	<p><u>Adequate payment controls</u></p> <p>Findings</p> <p>I have tested a high percentage of payments throughout the year.</p> <p>I have reviewed for completeness, accuracy, correct year of account, authorisation by Council Members and reporting to council. I was unable, however, to check for classification within the council's accounts from the information provided in the cash book. A recommendation has been made in section 11 of this report in respect of this.</p>
	Has the council recorded s137 expenditure separately and is it within the statutory limit?	

		<p>➤ It was noted that the April and May salary payments (refs 23 & 63) have not been split in the cash book between salary and WFH Allowance and hence incorrect payments have been allocated to box 4, Staff Costs, on the year-end Accounting Statements. As above, a recommendation has been made in section 11 of this report in respect of this.</p> <p>I have checked and confirmed that the council strived to obtain estimates and quotations in accordance with the council's Financial Regulations. The Grounds Maintenance contract was awarded for three years from 2023/24 to 2025/26 and quotations for other goods and services were sought as required and attached to the respective invoices submitted to audit.</p> <p>I have tested and confirmed that VAT has been identified and correctly recorded in the accounting records for inclusion in the VAT reclaim at the year end.</p> <p>A separate account has not been established in the cash book for s.137 expenditure. During the year £27.07 has been identified as s.137 payments and the expenditure is appropriate for this statutory power and is well within the annual statutory limit.</p> <p>The Clerk has confirmed that no cheques were issued during the year.</p> <p>Invoices paid online via the BACS system were supported by three authorising signatures on each invoice and the BACS authorisation schedule. A schedule of monthly payments - including BACS and Direct Debit - is also included in the council's minutes and agreed by Council Members.</p>
4	Has the council assessed the significant risks in delivering its activities and services and regularly reviewed the adequacy of these assessments?	<p><u>Assessment of significant risks</u></p> <p>Findings</p> <p>The council maintains a Risk Register which identifies all council risks and the measures in place to control and mitigate the risks. Following a review of the register by the Finance Committee on the 13th January 2026, the Clerk updated it to strengthen risk scores in respect of GDPR and data loss. The revised register was</p>

	<p>Is insurance cover appropriate and adequate?</p> <p>Are financial controls documented and regularly reviewed?</p>	<p>submitted to council on the 3rd February 2026 and agreed. A Christmas lights switch-on Risk Assessment is also maintained; it was reviewed and approved at the council meeting held on the 5th August 2025.</p> <p>Physical inspections of assets were undertaken during September and October 2025 and the Clerk has confirmed that they were due to recommence in April 2026.</p> <p>It is noted that the council has purchased outdoor Gym equipment during the year and arranged for its inspection by PlaySafety, an independent RoSPA accredited company.</p> <p>An annual fire extinguisher inspection at the Pavilion is also undertaken.</p> <p>I have examined the council's insurance policy and the indemnity limits are considered to be adequate.</p> <p>I have reviewed the security of the council's electronic data. The Clerk has confirmed that all electronic records are backed up to cloud storage and hence are updated and saved automatically. The council's computer is password protected.</p>
5	<p>Has the annual precept requirement resulted from an adequate budgetary process?</p> <p>Has progress against budget been regularly monitored and reported and were reserves appropriate?</p>	<p><u>Adequate budgetary process</u></p> <p>Findings</p> <p>A detailed budget, which identified each income and expenditure cost centre, was prepared for 2025/26 and was approved by Full Council on 12th November 2024.</p> <p>Budget monitoring reports, which compare actual income and expenditure against the council's original budget, are presented to each council meeting for review and approval. Reports are also submitted to the Finance Committee when appropriate, and for budget setting purposes. The council's minutes record the noting of the reports.</p> <ul style="list-style-type: none"> ➤ The monitoring reports are reviewed by council Members and discussions take place if any queries arise or if any income or expenditure codes show significant variations from original budget.

		The council's balances as at the 31st March 2026 totalled £58,634. This comprised earmarked reserves of £11,701 for future projects and contingencies and the remainder is a general working balance of £46,933. The general balance represents 91% of the council's current Precept requirement and it is considered to be adequate for a council the size of Skidby Parish Council.
6	<p>Was all expected income fully received in accordance with the current scale of charges, properly accounted for and promptly banked?</p> <p>Were security controls over cash and cash equivalents effective?</p>	<p><u>Adequate income controls</u></p> <p>Findings</p> <p>The council's Precept for 2025/26 totals £44,911 which agrees to the two equal instalments of £22,455.50 received on 30/04/25 and 30/09/25.</p> <p>The council also received income in respect of land rent, hire of the playing field, the Cemetery, a VAT refund from HMRC, a National Grid Licence fee, the Christmas lights switch-on, ERYC grants for VE and VJ Days, a donation towards a bench and bank interest.</p> <ul style="list-style-type: none"> ➤ I have agreed all income received to supporting documentation and the Cemetery and Playing Fields & Pavilion Scales of Charges.
7	<p>Were petty cash payments appropriate and supported by receipts?</p> <p>Was all expenditure approved and reported to members?</p> <p>Has VAT been correctly accounted for?</p>	<p><u>Appropriate petty cash controls</u></p> <p>Findings</p> <p>A separate petty cash system is not maintained. Sundry purchases are made by the Clerk using a Parish Council's Corporate Purchasing Card. Such payments are authorised by the council's Chair.</p> <p>The VAT element of sundry expenditure incurred has been correctly analysed and identified in the cash book.</p> <p>Sundry purchases are reported to council monthly together with all other council payments.</p>
8	Do all employees have contracts of employment with clear terms and conditions?	<p><u>Adequate payroll controls</u></p> <p>Findings</p> <p>The Clerk's contract was issued on the 4th July 2023 and was signed by both parties on the 14th July 2023.</p>

	<p>Are salaries to employees and all other payments and allowances paid in accordance with council approvals?</p> <p>Has PAYE and NI been correctly deducted and paid to HMRC?</p>	<p>I have agreed all salary payments from April 2025 to March 2026 to the 2025/26 NJC National Pay Award, including appropriate back pay and authorised changes to terms and conditions of employment.</p> <p>The Clerk prepares a weekly time sheet that is signed as agreed by the Chair of the Personnel Committee. Also a cumulative weekly summary of hours worked, hours paid and the resultant balance to date, is maintained.</p> <p>The Clerk has been subject to PAYE and NI regulations via the payroll prepared using HMRC Basic Tools.</p> <ul style="list-style-type: none"> ➤ For the sample checked, PAYE and NI deductions have been correctly paid to HMRC. <p>The External Auditor requires me to check that the correct employers' pension percentage contribution has been applied. The Clerk has confirmed that she has, however, opted not to auto-enrol into the Government's NEST pension scheme.</p>
9	<p>Is the Asset and Investment Register complete and accurate and reviewed on a regular basis?</p>	<p><u>Appropriate recording of assets</u></p> <p>Findings</p> <p>The council's Asset Register is maintained as a schedule in the recommended format. It was reviewed and agreed by council on the 2nd December 2025.</p> <p>I have reviewed the expenditure records for the year and confirm that asset purchases during the year have been added to the register and correctly valued at cost price excluding VAT.</p> <p>The council does not hold any investments.</p>
10	<p>Were bank reconciliations performed on a regular and timely basis?</p>	<p><u>Adequate bank reconciliations</u></p> <p>Findings</p> <p>The Clerk prepares bank reconciliations each month which include the Council's Current Account and Instant Access Account.</p>

	<p>Has a year-end reconciliation been performed and balanced?</p> <p>Have all bank reconciliations been reviewed by an appointed member and evidenced as such?</p>	<p>The reconciliations balance the cash book to the bank statements for both accounts each month. The reconciliations, which are presented to each council meeting, have all been signed by the Chairman as well as the respective bank statements to confirm that they are in agreement. This is considered to best practice and an important part of the council's internal financial control systems.</p> <p>A review of the reconciliations confirms that there are no unusual or balancing entries.</p>
11	<p>Were Accounting statements prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate, were debtors and creditors properly recorded?</p> <p>Has the previous Internal Audit Report been submitted to council and actioned as necessary?</p>	<p><u>Correct accounting basis and previous Internal Audit Report actioned</u></p> <p>Findings</p> <p>The External Auditor has recently confirmed to another council that, following the annual appointment of the council's Internal Auditor, a formal letter of appointment should be issued to the appointed auditor (reference para. 4.13 of the 2025 Practitioners' Guide).</p> <p>The year-end statements have been prepared on the correct accounting basis (Receipts and Payments) and, therefore, debtors and creditors have not been included.</p> <p>I am required to confirm that "The statements agree with the cashbook and there is an audit trail from underlying financial records to the year-end statements."</p> <ul style="list-style-type: none"> ➤ The council's new accounting system, however, does not provide such an audit trail. ➤ It was noted that on two occasions the Clerk's Working From Home (WFH) Allowance was included in the gross pay figure in the cash book and hence included in box 4, Staff Costs, on the year-end Accounting Statements. In accordance with section 2.16 of the 2025 SAPP Government and Accountability Practitioners' Guide, Working From Home Allowance payments must be included in box 6, All Other Payments, on the Accounting Statement. ➤ As the accounting does not provide a detailed audit trail from the cash book to the Accounting Statement the incorrect analysis of WFH payments was not identified prior to the submission of the

records to audit. Following the audit, the Accounting Statements on the AGAR have been amended to correctly analyse Working From Home Allowances as all other payments in accordance with the External Auditor's requirements.

The figure in box 8, bank balances, agrees to the council's year-end bank reconciliation statements and the figure in box 9, fixed assets, agrees with the year-end total on the Asset Register.

It is noted that the comparative figures for boxes 8 and 9 on the Accounting Statement (as at the 31st March 2025) are incorrectly stated.

The Internal Audit Report in respect of 2024/25 was presented to, and accepted, at the Finance Committee Meeting held on the 22nd May 2025. The report was presented to council on the 2nd June 2025 and it was accepted.

Recommendations

- The council should, following the annual appointment of its Internal Auditor, issue a formal letter of appointment to the appointed auditor.
- As the accounting system does not produce an audit trail from the cash book to the year-end Accounting Statements, an analysis of the figure included in box 4, Staff Costs, on the Accounting Statements should be undertaken by the Clerk and forwarded to Internal Audit for review and verification.
- The previous year comparative figures for boxes 8 and 9 should be amended to agree with the figures shown on the 2024/25 Accounting Statement as at 31st March 2025 (i.e. £71,896 and £21,488 respectively). This should be done prior to submission to the External Auditor.

12	If the council certified itself as exempt from an External Audit Limited Assurance Review last year, has it met the exemption criteria and correctly declared itself exempt?	<p><u>Exemption Certificate</u></p> <p>Findings The council, correctly, did not complete an Exemption Certificate under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015.</p>
13	Did the council correctly provide, during the summer, the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations 2015?	<p><u>Exercise of Public Rights</u></p> <p>Findings I have confirmed by a review of the council's website that, during the summer of 2025, the council correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the 2015 Accounts and Audit Regulations.</p>
14	Did the council comply with the publication requirements for the previous year's AGAR?	<p><u>Publication Requirements</u></p> <p>Findings I have reviewed the council's website and confirmed that the Parish Council published the correct documents as required by the Accounts and Audit Regulations 2015.</p>
15	Has the council complied with laws, regulations & proper practices relating to digital and data compliance?	<p><u>Digital and Data Compliance</u></p> <p>Findings The council's email address and website are compliant - i.e., .gov.uk, .org.uk or another council owned suffix.</p> <p>The council's website partially complies with the accessibility guidelines in accordance with WCAG 2.2AA.</p> <ul style="list-style-type: none"> ➤ It has an Accessibility Statement which confirms that some documents are not fully accessible to screen reader software, some images do not have alternative text and a screen reader and you can't modify the line height or spacing of text.

		<ul style="list-style-type: none"> ➤ The website explains that: <i>"If you need information on this website in a different format like accessible PDF, large print, easy read, audio recording for example, please use the details on our contact us page. We'll consider your request and get back to you in 15 working days."</i> <p>The council has an IT Policy.</p> <ul style="list-style-type: none"> ➤ It was approved by the council on the 3rd March 2026. ➤ It applies to all individuals who use the council's IT resources, including computers, networks, software, devices and data resources including access to .gov.uk email and any associated digital storage. <p>The council has a Data Protection Policy recognising its obligations under Data Protection law. It was approved on the 8th October 2024 and was reviewed and reapproved on the 3rd March 2026.</p>
16	Has the council met its responsibilities as a Trustee?	<p><u>Trustee responsibilities</u></p> <p>Findings</p> <p>I have seen no evidence that the council has responsibility as a sole Trustee for Trust Funds and the Clerk has confirmed that this is the case.</p>

Executive Summary

The audit has highlighted that the council's new accounting package is basic and is unable to provide an adequate audit trail from the cash book to the year-end Accounting Statements on the AGAR. Appropriate recommendations have been made in the report in respect of this issue.

The governance arrangements of the council have been maintained to a high standard and the assistance of the Clerk of the council in the completion of this audit was much appreciated.

The internal financial control environment within the council is good and the consideration and adoption of the above recommendations will serve to further enhance and strengthen the systems, procedures and governance arrangements already in place.

The Internal Audit has been conducted in accordance with the Governance and Accountability for Local Councils – Practitioners Guide 2025.

I confirm that I have no relationship or interest, financial or otherwise, with any member or officer of the council.

Richard Dixon

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06/05/25

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