Julie Snooks - Internal Auditor

* CHECKLIST USED FOR AUDITS BELOW £25K AND EXEMPT FROM EXTERNAL AUDIT*

Council: EAST WORLINGTON.

Year **2025/26**

Topic		**Yes**	**No**	**n/a**	**Actions Required**	**Notes**
Insurance	Schedule reviewed	✓			*	Raises issues about level of cover versus assets
	Fidelity Guarantee Cover adequate	✓				FG £250K
Precept	Minute setting seen	✓				
	Budget seen	✓			*	Raises some queries about payments to clerk
	Reserves considered	✓				
Fixed Assets	Register up to date	✓			*	Action required ref basis of valuation, location of deeds plus insurance query
Risk	General and Financial Risk assessed in 2025/26	✓				
Internal Contol	Statement considered in 2025/26	✓				
Payroll	Rate changes in year					Queries around contract. Probation 6 mths
	If so approved in minutes	✓			*	concludes 31/3/26, but 1/4/26 increase in SCP 18.
	PAYE/NI/Pension comply					BUT 1/4/26 is also an automatic 'incremental'
	Rates of pay tested					date. This should be clarified & confirmed in confidential minutes
Petty Cash	Receipts/approved/ VAT??			✓		
VAT	Claim in year		✓		*	No VAT reclaim since at least 1/4/22.
	If not when last claimed			?		Last audit by KJS 19/20 it was noted in exp addn £372 of VAT. *
Standing Orders	Reviewed in year of audit	✓				
	If not when last reviewed		✓			
Financial Regulations	Reviewed in year of audit	✓				
	If not when last reviewed		✓			
Bank	Year end bank reconciliation re-performed	✓				
Other receipts tested	Charges reviewed in year of audit			✓		
	Sample traced from receipt to bank and cash book	✓			*	Net of VAT for grant towards bell rope for the church - paid gross by PC. Potential 3rd party VAT
Other payments tested	Reported to Council	✓	✓		*	Not all payments approved in minutes.
	VAT correctly recorded	✓	✓		*	Not all VAT identified
	Voucher/invoice supports payment	✓			*	Payment to solicitors, PC to consider for future transactions
Annual Return/AGAR	Figures traced to underlying records	✓	✓		*	Some amendments required, locum clerk costs should be in box 6 of AGAR
Internal/External audit	Issues from previous audit addressed			✓		First audit since 19/20.
GDPR	Compliance with General Data Protection Regulations Compliance considered?	✓				
FOI /Transparency Code 2014 compliance incl on website	Confirm compliance as appropriate	✓			*	ICO certificate is still in prev. clerks name and address.
AGAR & financial records on website	Confirm compliance with External auditors requirements and AGAR	✓				
AGAR - correct approvals	Order correct?	✓				
Public Rights	Demonstrate at summer 2025 correctly provided for exercise of public rights per A & A Regs	✓				
Website/email compliant with Practitioners Guide	Identify parish email and websire usage and confirm in line with P's G - AGAR implications					Using ".org.uk" rather than ".gov.uk" but the latter is not mandatory.
Audit closure	Separate audit report issued?	✓				Normally would not be a full letter but a number of issues have been found.

- No minute approval of locum clerk hourly rate.
- Incomplete AGAR 24/5 which was carried out by locum clerk after they were in post. Concerns about independence.
- £1k grant received towards lengthsman - no indication from the minutes what this is for ref expenditure. Application shows verge ploughing & road sweeping. Budget doesn't show significant expenditure for 26/7.

* At least £1100 unclaimed VAT due.

J Snooks.
25/4/26.

Julie Snooks, Internal Auditor

April 25, 2026

East Worlington Parish Council
Internal Audit Report 2025/26

Under normal circumstances, a full audit report is not prepared for audits with receipts or payments under £25k, however, there were a number of issues identified during the audit that justified a more formal approach.

Testing was carried out using sampling where appropriate and covering a range of financial, risk and governance assessed as appropriate for a council of this size and complexity.
The findings are reported below:

✓ **Governance and Control**

All councils of whatever size are required to annually prepare and consider:

- A general and financial risk assessment covering the council's activities.
- A statement of internal control.
- Annually review any charges for services whether or not they are increased and record this in minutes.

Councils under £25,000 turnover are legally required to publish on a website disclosure of information required by the Transparency Code for Smaller Authorities 2014.
Councils with total turnover or expenditure over £25,000 are subject to the requirement of the Freedom of Information Act, where it is a requirement that public bodies publish certain information on their website, and should as best practice comply with the Local Government Smaller Bodies (Transparency Requirements) Regulations 2015.

Councils should ensure compliance with the rules regarding General Data Protection Regulations (GDPR), which came into effect in May 2018.

Councils should have in place and periodically review:

- Standing orders for the conduct of council meetings are required by law and should be periodically review and changed to reflect current legislation.
- Financial regulations for the control of its financial administration are required by law and should be periodically reviewed for either changes in legislation or internal control procedure changes.
- Any Council moving away from 2 cheque signatories by Councillors and utilising online banking, should have procedures and controls in place to establish appropriate safeguards.

Generally satisfactory, however the internal audit portion of the Annual Governance and Accountability Return (AGAR) for 2024/25 was incomplete for objectives A, B, E and I.

In addition, the internal auditor was appointed as locum clerk for the council prior to the audit. This would result in a weakness of internal controls and the independence of internal audit should be assured for future years.

✓ **Precept, Budgets and Reserves**

The precept was agreed to the minute setting the precept, the principal authority tax collecting authority records. The receipt was traced and agreed to bank and cash book records. The precept was set after consideration of a budget and consideration of an appropriate level of free reserves (the General Fund) which is generally accepted should lie between 3 and 12 months' expenditure.
Satisfactory.

✓ **Other Receipt or Income**

A sample of other receipts were tested to ensure that, as appropriate:

- That grants and interest were correctly recorded in the cash book and agreed to bank statement
- Chargeable services were correctly and promptly charged to the beneficiaries of those services and that arrangements were in place to pursue late payment

Unsatisfactory. No VAT has been reclaimed since at least 2022.
A review of some accounts provided by the clerk for the audit identifies at least £1100 of unclaimed VAT, which is a significant amount.

Clarification should also be sought as to why grant received for the bell rope was net of VAT. The council should refer to the relevant guidance (VAT126) for the reclaim of VAT by parish councils to confirm if the VAT on the bell rope purchased for the church would be claimable.

The council should clarify how they plan to use the £1k grant received towards the costs of a lengthsman. The budget for 2026/27 does not highlight significant expenditure in this area.

✓ **Staff Cost**

Testing was carried out as appropriate to ensure that:

- Rates of pay were as approved by Council.
- Additional hours worked were approved and supported by time records.
- Employees are paid in accordance with contractual obligations and on the correct pay date.
- Employees have a written statement of principal terms and conditions.
- That PAYE and NI are operated and paid promptly.

Generally satisfactory. Some queries did arise around the clerk's contract of employment, whereby dates relating to the end of the probationary period, subsequent pay point increase and annual increment dates coincide. This may need to be revisited and any necessary adjustments made.

Use should be made of Part B/II Confidential minutes to clarify and agree council resolutions on staffing matters.

✓ **Payments including Bank**

A sample of payments were tested as appropriate to confirm:

- Payments are made in accordance with financial regulations
- Payments are supported by invoice, receipt, expense claim or other appropriate documentation.
- Grant payments are subject to a proof of need assessment, are required to be evidenced as spent for the approved purpose, and unless having the general power of competence are made within permitted powers.
- Where payments are made other than by cheque with 2 councillor signatories the council has considered and actioned the requirements of appendix 10 of Governance and Accountability and have documented the process followed and annually review the control of wider definition "money".

There were a number of payments made where there was no approval in the minutes and the hourly rate for the locum clerk had not been agreed formally by the council.

During the audit year, a payment was made to solicitors for legal costs in relation to a land transfer whereby the council transferred a small piece of land for £1. The council did not stipulate in their offer any conditions about costs. This should be considered for any future transactions.

✓ **Insurance**

Insurance cover was reviewed as appropriate to confirm

- Adequate Fidelity Guarantee cover in place
- Range of cover in place has been reviewed at renewal and this has been recorded in the council minutes
- By sample test that assets other than land that appear on the Fixed Asset Register are insured or if not that there has been a decision not to cover them (for example because the excess is greater than the asset value insured).

Generally satisfactory, but the policy schedule identified insured assets that are not included in the asset register. This requires investigation and either cover reduced or the asset register amended.

In addition, the fidelity guarantee cover is £250k. Best practice level of cover would be year-end balances plus half of the annual precept. It may be possible for the council to make some savings on their insurance premiums.

✓ **Fixed Assets**

Tests were carried to confirm as appropriate

- fixed asset register is up to date
- additions have been correctly identified and a system exists for the identification of fixed assets
- that the disposal by scrapping, selling or part exchange of assets has been approved by council
- that where an insurance value has been used as the cost of an asset was unknown that the value is not increased as the insured value increases.

Satisfactory, however, the register does not identify the basis of valuation and the location of any deeds or licences in line with the Practitioners Guide. This information should be added.
See insurances above.

Amendments are required to some figures in boxes 4 and 6 on the AGAR.

Please refer to the audit checklist and request clarification if necessary.

Kind regards
Julie