

Annual Internal Auditor's report 2025/26 Little Horwood Parish Council

Internal Auditor: Deborah O'Brien CiLCA PIALC

Smaller authorities are required by the Accounts and Audit Regulations 2015 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.

In accordance with guidelines contained in the 2025 Practitioners' Guide (JPAG) paragraphs 4.6-4.12, I am independent of the Parish Council and its members as well as being a CiLCA qualified Clerk with over 10 years' experience.

I have carried out a selective assessment of the Council's compliance with relevant procedures and controls, which I expected to be in operation during the year ended 31st March 2026, as outlined in the letter of engagement signed by the Council at its 15th September 2025 meeting. The function of this internal audit is to improve efficiency and effectiveness of the Council's procedures, not to detect errors or fraud, as the management of the Council's internal controls is a function of the Council as a whole. (Practitioners' Guide, paragraphs 4.4-4.5).

This internal audit has been conducted electronically utilising requested documents provided by the Clerk, as well as those present on the website at [Little Horwood Parish Council](#). In addition, a Zoom meeting was held on 5th May 2026 to view hard copies of certain records.

This written report is laid out using the same format and headings as the AGAR Internal Audit report (page 3). Where I have answered NO to any of the AGAR assertions, the comments in bold in this report demonstrate the reasoning. I would recommend that the Practitioners' Guide is also referenced – the version for 2025/26 is available at [Practitioners' Guide 2025](#). A newer version for 2026/27 can also be downloaded.

Overall, the standard of management and governance processes is good, with some comments below for the attention of the Parish Council. It is obvious that a lot of work has gone into adopting policies and procedures during the past year to improve governance. I would like to thank the Parish Clerk/RFO, Hilary Kane for her cooperation and assistance in facilitating this internal audit.

Internal Audit report assertions

A. **Appropriate accounting records have been properly kept throughout the financial year.**

- Appropriate accounting records have been kept throughout the year (Scribe software). These are up to date and well maintained.
- Prior year's cashbook balance has been correctly brought forward.
- Council minutes for the year are complete and up to date and have been initialled & signed. I would recommend that the Chair dates the back page when signing. They are numbered sequentially by page and filed in accordance with [Local Government Act 1972 sched 12 paragraph 41 \(1\) \(2\)](#)
- A selection of invoices has been reviewed and checked against bank statements and minutes which have been uploaded into Scribe.

B. **This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.**

- The Council has adopted Standing Orders (10/11/25) and Financial Regulations (28/7/25) which are based upon the current 2025 model NALC templates.
- VAT is recorded in the cashbook, and claims are made quarterly.
- Payments are mainly made by BACS (with some direct debits that are pre-agreed at the May meeting). Councillors authorise payments at a full council meeting and then the Clerk/RFO initiates payment at bank. A schedule of payments is signed off at each meeting in accordance with your Financial Regulations. 3 Councillors plus the Clerk are on the Bank mandate and one Councillor is designated as responsible for Internal Controls and review. Typically, the Clerk & one Councillor are the dual authorisers. I would refer the Council to Financial Regulations 7 (1.1): *The Clerk may be an authorised signatory, but no signatory should be involved in approving any payment to themselves.* I would recommend that the Clerk does not authorise any salary or expenses payments to themselves.

C. **This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.**

- [The Accounts and Audit Regulations 2015](#) require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. A Councillor has been appointed as responsible for Internal Controls and reviews quarterly at a minimum.
- Standing Orders were last reviewed in December 2025.
- A Strategic Risk Assessment has been developed and was adopted on 15th September 2025.

- The insurance schedule was reviewed – Asset, Public & Employer's Liability Coverage, plus Fidelity Guarantee all appeared to be adequate. Coverage was reviewed by Council at its May 2025 meeting, prior to renewal.
- Full risk assessments are conducted for all Council activities and kept on file. The Allotments Risk Assessment is still to be completed – I would recommend prioritising this.
- Electronic documents are presently backed-up to cloud storage. I would recommend a further back-up to an external hard-drive in case of lack of access to the cloud.
- Inspections of assets are conducted annually, and repairs made accordingly.
- The Council has developed a tree safety policy.

D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

- The 2025/26 budget was agreed at the 21st Nov 2024 meeting (minute 24/120), with an amendment to the November minutes confirmed at the 16 Jan 2025 meeting stating that 'the Precept was also approved'. However, no amounts were given.
- The 2026/27 draft budget was reviewed at the 10th November 2025 meeting with final approval made at the 12th January 2026 meeting. The precept was also set. However, no amounts were given in the minutes, and the supporting report only refers to a 30% increase. The [Local Government Finance Act 1992](#) s41(2) requires that precepts "be stated as an amount payable by the billing authority" and I would recommend that the minutes reflect this.
- Budget reports are regularly presented to Council and reviewed at meetings. A specific Councillor has responsibility for reviewing these.
- The Council has ear-marked reserves (per Scribe) of £11,154 leaving a general fund of £4,569. Practitioners' Guide (paragraph 5.34) recommends that a small council should hold close to 12 months' General Reserves as an operating fund. This was discussed in the budget report when setting the 2026/27 budget and I would recommend carefully monitoring the situation.

E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.

- The precept received (£21,000) agrees to the precept request for 2025/26 and matches central government records.
- VAT refunds were made quarterly totalling £3,718.
- The Council is not registered for VAT as it does not make vat-able supply.
- Allotment rents and leases were reviewed in December 2025, but not minuted at a PC meeting. £380 was received in rent.
- Bank interest of £451 was earned.

- A Devolution Grant was received in the amount of £859 from Buckinghamshire Council.
- Other grants were received in the amount of £15,131 plus £200 in donations.
- An insurance claim was made in the amount of £861.

F. Cash payments were properly supported by receipts, all cash expenditure was approved and VAT appropriately accounted for.

- No cash received or petty cash held – not applicable. Financial regulations contain provision for this should it occur.

G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.

- The Clerk/RFO is the sole employee and a contract, based upon the model NALC template is in place.
- The 2025-26 Local Government Services Pay agreement was implemented and minuted at the September 2025 meeting. It was minuted that back pay was made dating back to April 2025 and that an amendment to contract was approved.
- No working from home allowance is paid.
- The Council is registered with HMRC as an employer, and Basic Tools PAYE software is used for payroll processing and reporting to HMRC. Employer's NI payments are made with 4th quarter due for payment in April.
- The Parish Council is registered (28 April 2025) with the Pensions Regulator as required.
- No Councillors' allowances are paid.

H. Asset and investment registers were complete and accurately and properly maintained.

- The asset register has been reviewed and revised in May 2025. It is updated appropriately, net of VAT.
- The Council has no loans or long-term investments.

I. Periodic bank account reconciliations were properly carried out during the year.

- Bank reconciliations are prepared monthly and submitted to full council. These are physically signed.
- I was able to verify that the year-end bank reconciliation agrees to supporting bank statements.

J. Accounting statements prepared during the year were 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, debtors and creditors were properly recorded.

- The council has prepared its accounts on receipts and payments basis.
- The Accounting Statements (AGAR) prepared by the RFO agree to the cashbook.
- Line 2 agrees to the value of the precept raised and received.
- Line 4 only includes staff costs. (per Scribe)
- Line 6 reconciles with other payments made in Scribe.
- Line 8 agrees to the year-end bank reconciliation and supporting bank statements.

K. If the authority certified itself as exempt from a limited assurance review in 2024/25, it met the exemption criteria and correctly declared itself exempt.

- The Council exceeded the threshold for 2024/25 and therefore did not claim exemption.

L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.

- [The Accounts and Audit Regulations 2015 - regulation 13](#) requires that all authorities publish on their website for at least the past 5 (five) years: the statement of accounts, any certificate of the auditor, and the annual governance statement. It is also recommended that you publish the Annual Internal Audit reports.
- The Council was subject to the [Transparency Code for Smaller Authorities 2015](#) in 2023/24, but it has exceeded the £25,000 threshold for 2024/25. However, it is considered best practice to publish documents in accordance with the Transparency Code requirements. See page 6 paragraph 10 of the [Code](#).
- The website contains the ICO's model publication scheme documentation.

M. In the year covered by the AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2025-26 AGAR period, were public rights in relation to the 2024-25 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set?)

- I have viewed a copy of the dates for Electors' Rights which took place between 3 June and 14 July 2025. The date of announcement was 1 June 2025. The notice is available on the Council website at [Notice Board -](#)

littlehorwood-pc.gov.uk and these dates were minuted at the 15th May 2025 meeting.

N. The authority has complied with the publication requirements for 2024/25 AGAR (see AGAR page 1 Guidance Notes)

- The Council has complied with the requirements.
- The Conclusion of Audit is on the website at Notice Board - littlehorwood-pc.gov.uk

O. The authority has complied with laws, regulations & proper practices relating to digital and data compliance.

- E-mail management – the parish council has a dedicated generic email account hosted on the PC's domain.
- All websites must meet the [Web Content Accessibility Guidelines 2.2 AA and the Public Sector Bodies \(Websites and Mobile Applications\) \(No. 2\) Accessibility Regulations 2018](#) (where applicable). The website accessibility statement is current but does not include a testing or review date. Even if the website is outsourced, it is the responsibility of the Parish Council to be compliant with regulations. Accessibility statement requirements are that it is reviewed when there are major changes to legislation and at least annually. [Make your website or app accessible and publish an accessibility statement - GOV.UK](#)
- The Parish Council follows both the [General Data Protection Regulation \(GDPR\) 2016](#) and the [Data Protection Act \(DPA\) 2018](#). A Data audit has been conducted, and appropriate policies are available on the website <https://www.littlehorwoodparishcouncil.gov.uk/policies> . Data Protection training has been undertaken. (March 2026)
- The Council is registered with the [Information Commissioner's Office \(ICO\)](#) as a Data Processor as required. The Information Available document is also available on the website.
- The Parish Council adopted an IT policy on 15 September 2025.

P. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.

- Not applicable, not a trustee.

Other matters not covered above:

- I would recommend that the Council reviews the 2026 edition of Practitioners' Guide, as it contains new requirements and guidance which will affect the 2026/27 audit. A summary of the changes and the guide itself can be viewed at [Practitioners' Guide 2026](#).

This report should be submitted along with the AGAR Annual Internal Audit Report 2025/26 to the full council for review and consideration before completing the Annual Governance statement.

If you have any questions, please do not hesitate to ask.

~~Deborah O'Brien~~ CiLCA PIALC

5th May 2026