AUDITING SOLUTIONS LTD

All Cannings Parish Council

Internal Audit Report 2025-26

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Consultant

For and on behalf of
Auditing Solutions Ltd

Background

Statute requires all town and parish councils to arrange for an independent internal audit examination of their accounting records and system of internal control and for the conclusions to be reported each year in the AGAR.

This report sets out the work undertaken in relation to the 2025-26 financial year. We have undertaken our review for the year remotely: we wish to thank the Clerk for assisting the process, providing all necessary documentation in both hard copy and electronic format to facilitate prompt completion of our review for the year and sign off of the Internal Audit Certificate in the year's AGAR. We have undertaken sufficient transaction testing to support our assurance as to whether Governance and financial controls are effective.

Internal Audit Approach

In undertaking the review for the year, we have had regard to the materiality of transactions and their susceptibility to potential misrecording or misrepresentation in the year-end Statement of Accounts and AGAR. As the Council's Internal Auditor and under the present audit arrangements, we have a duty to complete the internal audit report, as part of the Council's AGAR process, which covers the basic financial systems and requires assurances in a number of areas.

Overall Conclusion

Based on our programme of work, we can continue to give the Council a reasonable assurance as to its level of Governance and internal control. While we have not seen the need to make any formal recommendations, we have discussed a few issues with the Clerk, and made some observations in this report which we would invite Council to consider.

We are required to note one negative assurance, regarding the lack of a risk review during the 2025-26 financial year. The Council is required to acknowledge this as a negative against Section 1, Assertion 5 of the 2025-26 AGAR.

This is the last audit this auditor will undertake for All Cannings Parish Council, due to retirement. ASL is also being wound down. We would like to thank the Clerk for her friendliness and helpfulness during our reviews, and wish her and the Council well for the future. It has been a pleasure to be of service.

This report has been prepared for the sole use of All Cannings Parish Council. To the fullest extent permitted by law, no responsibility or liability is accepted by Auditing Solutions Ltd to any third party who purports to use or rely, for any reason whatsoever, on this report, its contents or conclusions.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

The Council maintains its accounting records using the Scribe accounting system, which provides a good level of financial control and report analysis. Two bank accounts are maintained with Lloyds Bank (Community and Commercial, the latter being interest-earning).

Our objective in this area of review is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in the cashbook. We have accordingly: -

- Ensured that the accounting structure is appropriate for budgetary purposes, and that annual totals have been properly transferred to the 2025-26 AGAR;
- Verified the accurate carry forward of the closing balances for 2024-25 into the 2025-26 Scribe system;
- Agreed the balance on the draft 2025-26 AGAR to the bank balance at 31 March 2026.

We note that monthly bank reconciliations are presented to the Council. We note that check by an independent Councillor in accordance with Financial Regulation (FR) 2.6 was undertaken at the year end, although this should be undertaken quarterly.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation, other than our observation about undertaking quarterly independent finance checks in accordance with FR2.6.

Review of Corporate Governance

Our objective here is to ensure that the Council has a robust regulatory framework in place; that Council meetings are conducted in accordance with the adopted Standing Orders (SO's) and that, as far as we are reasonably able to ascertain, no actions of a potentially unlawful nature have been or are being considered for implementation.

We note that the Council has Standing Orders (SO's) and Financial Regulations (FR's) in place, which were last reviewed in April 2025 and February 2025 respectively, and are in the current NALC Model Forms. Tender limits in both documents have been set at £15,000.

We have reviewed the Council's Minutes as posted on the website, and have found no issues of concern.

We confirm that the Exercise of Public Rights with regard to the 2024-25 accounts was properly undertaken in accordance with the Accounts and Audit Regulations.

We note that the External Auditor made no comments following their review of the Council's 2024-25 AGAR.

The Council confirmed its eligibility for the General Power of Competence (GPoC) at its May 2025 meeting. It is, therefore, no longer subject to Section 137 of the Local Government Act 1972. We have confirmed that no expenditure has been made under this Power in 2025-26.

The Council's website shows a good level of compliance with the Transparency Code 2015, with a range of appropriate reports and documents available for Public download, although this needs to be updated for 2025-26.

During 2025-26 a new requirement was placed on Local Councils to maintain sound Data Protection and IT systems and controls, requiring a specific assertion by Council (AGAR Section 1, Assertion 10). The Clerk has provided clear evidence of how the Council has addressed this issue. Therefore, while recognising that this is an ongoing process, we can give a positive assurance on this issue for 2025-26.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation.

Review of Expenditure

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- Appropriate documentation supports payments, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and/or an acknowledgement of receipt, where no other form of invoice is available;
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount;
- The correct expense codes have been applied to invoices when processed; and
- VAT has been appropriately identified and coded to the control account for periodic recovery.

We note that payments are approved at each meeting. Our sample testing has shown that individual invoices are signed off by Councillors.

We have test-checked a representative sample of invoices to the cashbook and bank statements, with no issues of concern arising.

We note that VAT is reclaimed from HMRC on an annual basis. We have reconciled the reclaim of the 2024-25 balance to the income records, and note that a balance of £2,325.95 is outstanding at 31 March 2026.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation.

Assessment and Management of Risk

Our aim here is to ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks to minimise the opportunity for their coming to fruition. We have:

- Examined the Council's current insurance policy via Clear Councils brokers, noting that appropriate cover is in place for both Employer's and Public Liability cover at £10 Million each, together with Officers Liability at £500,000, all of which we consider appropriate for the Council's present needs. We also note suitable cover for play park equipment, which is the subject of an annual RoSPA review;
- Noted that the Council reviewed and adopted a suitable Risk Assessment at the February 2025 meeting, which was not subsequently reviewed until the April 2026 meeting. Therefore, we must conclude that the Risk Register was not reviewed during the 2025-26 financial year, against the FR2.2 requirement for at least an annual review. We are required to give a negative assurance on this point.

We note that inspections of the Council's play park are now undertaken and reported to the Council. Insurers are increasingly seeking evidence of simple visual inspections as a defence against vexatious claims, which can be made up to 21 years after the event.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation, other than the need to undertake a review of the Risk Register at least once during each financial year.

Budgetary Control & Reserves

Our objective here is to ensure that the Council has a robust procedure in place for identifying and approving its future budgetary requirements and level of precept to be drawn down from the Precepting Authority: also, that an effective reporting and monitoring process is in place. We also aim to ensure that the Council retains appropriate funds in general and earmarked reserves to finance its ongoing spending plans and cover any unplanned expenditure that might arise.

We note that the Council undertook a review of its 2026-27 budget in November 2025, setting the Precept at £24,000, which was properly minuted. The Council has received budgetary control reports at each meeting during 2025-26.

We note that Earmarked Reserves (EMR) totalling £21,500 at 31 March 2026 have been agreed by the Council. Against the bank balance at 31 March 2026 of £40,546, this leaves a General Reserve of £19,046, which is 79.4% of the 2025-26 Precept as against a Best Practice level of 50%. The level of the General Reserve is therefore very high, although we understand that funds are being retained for a possible Cemetery extension. The level of the General Reserve should be kept under review by the Council.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation, other than our observation about maintaining an overview of the General Reserve.

Review of Income

We note that, apart from the usual income sources of the Precept, grants, VAT reclaims and bank interest, the Council also maintains and receives income from the Cemetery and an Allotment. We have test-checked receipts with no issues arising.

We can see no evidence of a review of fees and charges during 2025-26, which is an annual requirement of FR13.2 requirement for an annual review.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation, other than our observation about the need for an annual review (not necessarily an increase) of fees and charges.

Petty Cash Account

The Council does not operate a petty cash account. Therefore there are no issues arising in this area of our review warranting formal comment or recommendation.

Review of Staff Salaries

In examining the Council's payroll function, we aim to confirm that extant legislation is being appropriately observed as regards adherence to the Employee Rights Act 1998 and the requirements of HMRC legislation as regards the deduction and payment over of income tax and NI contributions.

We note that payroll services are provided by an external contractor (David Owen, Chartered Accountants).

We have test-checked payroll transactions for the Clerk during 2025-26, noting that returns are routinely made to HMRC, and that the NJC pay awards have been properly authorised and applied.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation.

Investments and Loans

We aim in this area of our review process to ensure that the Council is taking appropriate action to ensure interest earning capabilities are optimised whilst safeguarding the Council's resources. We note that the Council maintains no investments other than its Lloyds bank accounts.

We note that an Investment Policy was approved in October 2025.

No loans are in existence either payable by or to the Council.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation.

Fixed Asset Register

We have agreed the reported value in the 2025-26 AGAR to the underlying records, noting significant purchases of new Defibrillators during the year which were approved by the Council.

We believe that the Council's Asset Register meets the requirements of the Governance and Accountability Manual, showing all assets valued at either original cost price or a nominal £1 if historic costs cannot be identified.

Conclusions

There are no issues arising in this area of our review warranting formal comment or recommendation.

Annual Governance and Accountability Return AGAR)

We have checked and agreed the values to be reported in the 2025-26 AGAR (Section 2) to the underlying year-end financial detail. Since 2024-25 the Council has been subjected to an External Audit review, as income and expenditure totals now exceed the level where an Exemption can be claimed.

We have duly signed off the Internal Audit Certificate in the 2025-26 AGAR, assigning appropriate assurances in each area.

Rec. No.	Recommendation	Response
	No recommendations made	