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Helen Symmons,  
Legra Internal Audit

LegraIAS@outlook.com

## **2025/26 Interim Internal Audit Report for Swards End Parish Council**

### **BASIS OF REPORT**

This Internal Audit Report is based on the Practitioners' Guide 2025: Governance and Accountability for Smaller Authorities in England.

The scope of this internal audit is focused on assessing the effectiveness of the Council's internal controls, as outlined in the original Letter of Engagement. Where any such controls are found to be deficient, the internal audit aims to support improvement in those processes.

This report should be made available to all Members to support and inform their consideration of the Council's approval of the Annual Governance Statement.

By applying the principles of internal auditing, as set out in the Accounts and Audit Regulations, and following the approach to internal audit testing outlined above, every effort has been made to ensure that the audit has been conducted with due professional care, integrity, and independence. All conclusions are based on objective and traceable evidence.

It is important to note that internal audit should not be viewed as a detailed inspection of all records and transactions to detect error or fraud. Smaller authorities are required under the Accounts and Audit Regulations 2015 to undertake an effective internal audit to evaluate the effectiveness of risk management, control, and governance processes.

Internal audit is therefore a periodic, independent review of a Council's internal controls, resulting in an assurance report designed to improve effectiveness and efficiency. Responsibility for day-to-day internal controls rests with the Council's staff and Members, not the internal auditor.

As Internal Auditor, I confirm that I am independent of the Council's financial management and internal control processes and have no conflicts of interest.

### **AUDIT REPORT**

I reviewed the documents provided and met with the Parish Clerk on 30<sup>th</sup> April 2026.

The precept for the year 25/26 was set at £15,084.

AUDIT POINT	AUDIT FINDINGS	RECOMMENDATIONS & ACTIONS
<b>A. Appropriate accounting records properly kept throughout the financial year</b>		
Bookkeeping Arrangements	<ul style="list-style-type: none"> <li>• <i>Appropriate accounting records are maintained and kept up to date. The Council operates on a Receipts &amp; Payments basis.</i></li> <li>• <i>The Council uses Rialtas for their accounting system and this is being utilised appropriately.</i></li> <li>• <i>Council minutes are up to date and signed and dated.</i></li> </ul>	
<b>B. Financial Regulations complied with, payments supported by invoices, expenditure approved, VAT appropriately accounted for</b>		
Document reviews, review of internal controls and decision making.	<ul style="list-style-type: none"> <li>• <i>Standing Orders and Financial Regulations were reviewed during the year and are based on the latest NALC model versions. These are appropriately published on the Council's website.</i></li> <li>• <i>No contracts during the year required formal advertisement under procurement legislation.</i></li> <li>• <i>The Council adheres to its Standing Orders and Financial Regulations in relation to procurement.</i></li> <li>• <i>A sample of payments was tested and confirmed to be supported by appropriate invoices, with all expenditure properly approved.</i></li> <li>• <i>Invoices are verified and certified in accordance with Financial Regulations.</i></li> <li>• <i>Payment authorisation and banking arrangements are appropriate and in line with Financial Regulations.</i></li> <li>• <i>VAT is correctly accounted for and reclaimed annually.</i></li> <li>• <i>Effective controls are in place for processing payments.</i></li> </ul>	

<b>C. Risk management &amp; Insurance assessed and reviewed and adequate</b>		
Review of internal controls	<ul style="list-style-type: none"> <li>• <i>The Council undertook an annual review of risk during the year.</i></li> <li>• <i>Insurance arrangements were reviewed. Fidelity cover is £50,000 and is considered sufficient. The insurance level for assets is not quite sufficient when compared to the cost price on the Fixed Asset Register.</i></li> <li>• <i>Appropriate arrangements are in place for managing operational risk.</i></li> </ul>	<p>A column showing residual risk scores (post-control) would enhance transparency and monitoring.</p> <p>It is recommended that the Council review its level of insurance cover for assets to ensure that it is at a sufficient level.</p>
<b>D. Budget, Precept and Reserves have adequate processes, progress monitored and appropriate</b>		
Review of internal controls, monitoring and decision making	<ul style="list-style-type: none"> <li>• <i>An annual budget was prepared and approved prior to setting the precept.</i></li> <li>• <i>Budget monitoring during 2025/26 was undertaken but not evidenced in the minutes.</i></li> <li>• <i>There is no evidence that the Council reviewed its reserves during the year.</i></li> </ul>	<p>It is recommended that the approved budget and precept demand are published on the Council's website to improve transparency for residents.</p> <p>Budget monitoring should be clearly evidenced within minutes.</p> <p>There was no clear consideration at budget setting to ensure an appropriate level of General Reserve is maintained in line with best practice and expenditure levels. This presents a risk to the Council's financial resilience.</p> <p>It is recommended that the Council reviews and formally determines an appropriate level of General Reserve as part of the annual budget-setting process.</p> <p>The precept for 2026/27 is £22,000</p>
<b>E. Income fully received, properly recorded, banked and VAT accounted for</b>		
Review of internal controls, banking and VAT accounting	<ul style="list-style-type: none"> <li>• <i>The precept received in 2025/26 agreed to the precept demand.</i></li> <li>• <i>VAT is properly accounted for and claims submitted.</i></li> <li>• <i>Income was received as expected.</i></li> </ul>	

<b>F. Petty Cash supported by receipts, approved and VAT accounted for</b>		
Review of internal controls, decision making and VAT accounting	<i>A Petty cash system is not operated by the Council.</i>	
<b>G. Payroll paid in accordance with approvals and PAYE and NI properly applied</b>		
Review of process, internal controls and decision making	<ul style="list-style-type: none"> <li>• <i>An appropriate contract of employment is in place.</i></li> <li>• <i>The Council is registered with HMRC as an employer.</i></li> <li>• <i>The Council is registered with the Pension Regulator.</i></li> <li>• <i>Salaries were paid in accordance with Council approvals and PAYE and NI requirements were properly applied.</i></li> <li>• <i>The HMRC Working from Home allowance is paid.</i></li> <li>• <i>Councillors do not receive allowances.</i></li> </ul>	
<b>H. Assets, Investments and Loans complete, accurate and properly maintained</b>		
Review of registers, policies and records	<ul style="list-style-type: none"> <li>• <i>The Council holds an asset register which is up to date and assets were inspected internally during the past year for risk.</i></li> <li>• <i>Council balances do not exceed £100,000</i></li> </ul>	
<b>I. Bank Reconciliations carried out properly during the year</b>		
Review of internal controls	<ul style="list-style-type: none"> <li>• <i>The Clerk completes regular bank reconciliations. However, there is no formal evidence within the minutes that they are reviewed and verified.</i></li> </ul>	It is recommended that the Council adhere to Financial Regulation 2.6 with bank reconciliations evidenced in the minutes.
<b>J. Accounting Statements prepared on correct basis, agreed to cash book, supported by audit trail</b>		
Review of process	<ul style="list-style-type: none"> <li>• <i>Appropriate accounting procedures are used and can be followed through from working papers to final documents.</i></li> <li>• <i>End of year accounts were prepared on a Receipts &amp; Payments basis.</i></li> <li>• <i>Figures were checked to Council's records.</i></li> </ul>	It is important that the correct AGAR approval sequence is followed, with the Clerk certifying the Accounting Statements prior to presentation to Council.
<b>K. Limited Assurance Review in 2024/25 - criteria met and correctly declared exempt</b>		
Criteria review	<i>The Council did not meet the criteria for exemption from a Limited Assurance Review.</i>	

<b>L. Website publishes required information, is up to date and in accordance with relevant legislation</b>		
Review of published information on website	<ul style="list-style-type: none"> <li>• <i>Neither the Local Government Transparency Code 2015 nor the Transparency Code for Smaller Authorities applied to the Council in 2025/26.</i></li> <li>• <i>Three years of minutes &amp; agendas are published to the Council website with agenda reports when applicable.</i></li> <li>• <i>Five years of AGAR information is not presently available on the website</i></li> <li>• <i>There are presently no contact details for all Councillors on the website.</i></li> <li>• <i>An ICO publication scheme is published to the website.</i></li> </ul>	<p>The ICO expects that background papers/reports referred to in the agenda/minutes or circulated for meetings should be routinely published to a Council’s website.</p> <p>The website is new and is still being updated hence only 3 years of AGAR information is currently available and Councillor contact details are still to be implemented.</p>
<b>M. Exercise of Public Rights correctly provided for</b>		
Review of 2024/25	<i>In 2024/25, the Council correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.</i>	It is recommended that the dates are recorded in the Council minutes.
<b>N. AGAR publication complied with</b>		
Review of 2024/25	<i>The Parish Council complied with the publication requirements for the 2024/25 AGAR.</i>	The Conclusion of Audit notice should be published to the website as well as the Council noticeboards.
<b>O. Digital and Data Compliance with laws, regulations &amp; proper practices</b>		
	<p><i>The Council is not currently fully compliant with relevant legal and best practice requirements relating to digital and data compliance:</i></p> <ul style="list-style-type: none"> <li>• <i>The Council has a generic email address on the Council owned domain.</i></li> <li>• <i>There is no evidence that the Council website is WCAG 2.2AA compliant or partially compliant.</i></li> <li>• <i>There is no Accessibility Statement on the Council website</i></li> <li>• <i>A Data Protection Policy has been adopted but is not up to date as it references old legislation.</i></li> <li>• <i>An IT Policy has been adopted.</i></li> </ul>	<p>It is recommended that a data audit be completed annually and presented at future internal audits.</p> <p>The Data Protection Policy should be reviewed annually (see Standing Order 5j).</p> <p>The Council should take steps to ensure that its website is WCAG 2.2AA compliant and that it publishes an Accessibility Statement.</p> <p>Based on the above, the Council should record a ‘No’ response to Assertion 10 on the Annual Governance Statement.</p>
<b>P. Trust Funds – The Council met its responsibilities as a trustee</b>		
Review if applicable	<i>Not applicable</i>	

<b>Transparency Compliant</b>		
<b>PROCESS</b>	<b>FINDINGS</b>	<b>RECOMMENDATIONS &amp; ACTIONS</b>
<b>1. Review of Internal Audit 2024/25 considered and actioned</b>		
Good Practice	<i>The Council was unable to obtain an Internal Audit report for the year. The External Auditor was aware.</i>	The Internal Audit report should be reviewed by Council prior to approving the Annual Governance Statements.  It would be best practice for the Internal Auditors report to be published on the Council website.
<b>2. External Audit recommendations 2024/25 considered and actioned</b>		
Good Practice	<i>There is no evidence Council reviewed the External Audit report when it arrived.</i>	The Council should formally minute receipt of the EA report and any actions arising.
<b>3. Compliance with Transparency Code</b>		
Good Practice / Legal conformity	<i>The Council is not required to fully comply with all elements of the Transparency Code.</i>	

**Technical, Governance Observations and Further Recommendations:**

In accordance with the guidance of the JPAG 2025 1.5, the Council needs to have appropriate evidence to support a ‘yes’ answer to an assertion and therefore this evidence should be referenced with the Governance Statement decisions in a set of formal minutes.

Councillors by law are to be ‘summoned’ to meetings of Council.

Also, by law the first item of business at the Annual Council Meeting must be the Election of the Chairman. This is prior to any other business including apologies or notices as the election of the chairman is essential for the lawful constitution of the council; without a chairman, the council cannot proceed with its business.

The minutes did not evidence that the Chairman signed a Declaration of Acceptance of Office following their election, as required under Section 83 of the Local Government Act 1972. It is recommended that this is clearly minuted in future, immediately following the election of the Chairman.

Model Standing Order 5J informs Council of the business that should be carried out at the Annual Council Meeting.

**Conclusion**

The Council is encouraged to continue developing its governance arrangements including strengthening documentation, transparency and compliance with statutory requirements. The recommendations included within this report are intended to enhance existing arrangements and do not detract from the positive work already undertaken.

I would like to thank the Parish Clerk for the timely provision of documentation and for her assistance which has ensured the smooth delivery of the audit.

This report should be formally noted at the next meeting of the Council and recorded in the minutes. Should you require any further assistance or clarification, please do contact me.

*Helena Symmons*

Legra Internal Audit Service  
Internal Auditor