

## **Derry Hill and Studley Parish Council**

*Internal Audit Report 2025-26*

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*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 again undertaken our review for the year remotely: we wish to thank the Clerk for assisting the process, providing all necessary documentation in electronic format to facilitate completion of our review for the year and sign off of the Internal Audit Certificate in the year's AGAR. Our transaction testing has been greatly facilitated through use of the Scribe accounting system.

## **Internal Audit Approach**

In undertaking our review for the year, we have again had regard to the materiality of transactions and their susceptibility to potential misrecording or misrepresentation in the year-end Statement of Accounts/AGAR. Our programme of cover has again been designed to afford appropriate assurance that the Council's financial systems remain robust and operate in a manner to ensure effective probity of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory regulatory framework. The programme is also designed to facilitate our completion of the annual 'Internal Audit Report', which requires independent assurance over specified internal control objectives.

## **Overall Conclusion**

We have concluded that, on the basis of the programme of work undertaken this year, the Council has continued to maintain an adequate and effective internal control environment. We have found no issues of concern requiring recommendations for improvement.

We have completed and signed the 'Internal Audit Report', having concluded that, in all respects, the control objectives set out in that Report were being achieved throughout the financial year to a standard adequate to meet the needs of the Council.

## **Detailed Report**

### **Maintenance of Accounting Records & Bank Reconciliation**

The Council continues to maintain its accounting records using the Scribe accounting system, which greatly enhances reconciliation and transaction testing. Two bank accounts are in place for everyday operations, both with Lloyds Bank plc, with longer term savings accounts at Nationwide and Bath Building Societies and Charity Bank.

We have confirmed that the closing 2024-25 balances have been correctly brought forward into Scribe. We have test-checked cashbook entries to the bank statements for the financial year, also agreeing the year-end cashbook / bank statement reconciliation to ensure there were no anomalous items.

We note that Councillors receive a Financial Report, including bank balances, at each meeting, and quarterly scrutiny by the Finance Committee.

We note that the Council's financial position has decreased over the financial year due to a governance re-organisation and that the variances within the expenditure have been properly explained and verified.

#### ***Conclusions***

***No issues arise in this area of review warranting formal comment or recommendation.***

### **Review of Corporate Governance**

We note that the Council's Standing Orders (SO) and Financial Regulations (FR) were reviewed and re-approved by the Council in September 2025 and accord with the NALC Model Form.

We have examined the Council Minutes for the year to determine whether any issues exist that may have either a legal or financial impact on the Council and its future financial stability, whilst also ensuring that the Council has neither considered or is considering any actions that may result in ultra vires expenditure. In particular we note detailed discussion of the Community Governance Review.

The requirements of the Transparency Code became mandatory for smaller councils from 1<sup>st</sup> April 2015. A full suite of documents is maintained on the Council's website, which we believe satisfies the requirement.

We note that the External Audit of the 2024-25 Accounts was concluded in September 2025. with no issues arising.

Finally, we note that the Exercise of Public Rights with regard to the 2024-25 accounts was properly undertaken in accordance with the Accounts and Audit Regulations.

### ***Conclusions***

***No issues arise in this area of review warranting formal comment or recommendation.***

## **Review of Payments**

We have tested a sample of payments made during the year to ensure that the following criteria were met:

- Payments were supported by a trade invoice or acknowledgement of receipt.
- VAT has been calculated correctly and is recovered at appropriate intervals.
- The Council at a Council meeting approved each payment.
- Payments have been correctly analysed in preparation of the year-end Statement of Accounts.
- Section 137 payments have been identified in the cashbook and are within the Council's spending limit.

We have undertaken suitable transaction testing, with no issues arising.

We have checked and verified the VAT returns for the financial year.

### ***Conclusions***

***No issues arise in this area of review warranting formal comment or recommendation.***

## **Assessment and Management of Risk**

We note that the Council has undertaken a review of its Risk Register, most recently at the April 2026 meeting, which meets the requirement of Financial Regulations.

The Council's insurance is provided by Aviva via Clear Councils which includes Public and Employers Liability is set at £10 Million each, with Fidelity Guarantee cover at £150,000 and Officials Indemnity at £500,000, with a good range of Property covers, all of which we consider appropriate to a Council of this size.

### ***Conclusions***

***No issues arise in this area of review warranting formal comment or recommendation.***

## **Budgetary Control and Reserves**

The Council has continued to use its Finance Committee to undertake a detailed review of budget proposals. Following consideration of the 2026-27 budget proposals, these were subsequently approved by the Full Council at the December 2025 meeting, setting the 2026-27 Precept at £42,943.60 which was properly Minuted.

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### *Conclusions*

*No issues arise in this area of review warranting formal comment or recommendation.*

## **Review of Income**

The Council's has received limited normal income types during 2025-26 in the form of the annual Precept, VAT reclaims, Community Infrastructure Levy, and bank interest. We have test-checked these transactions to the financial records with no issues arising.

### *Conclusions*

*No issues arise in this area of review warranting formal comment or recommendation.*

## **Petty Cash Account**

*The Council no longer maintains a Petty Cash account. Therefore, no issues arise in this area of review warranting formal comment or recommendation.*

## **Salaries and Wages**

The Council only has one employee, the Clerk. Payments to the Clerk are managed by an external payroll service (Simon Day & Co.). A test-check of the payroll records shows that basic pay and overtime are properly recorded on the basis of hours worked and that the most recent NJC pay award (backdated to 1 April 2025) was approved by the Council in November 2024.

We have test-checked deductions and payments to Statutory bodies (Income Tax, National Insurance) with no issues arising.

We note that the Clerk is a member of the Local Government Pension Scheme.

### *Conclusions*

*No issues arise in this area of review warranting formal comment or recommendation.*

## **Asset Registers**

We note that all identified assets are valued at purchase cost (net of VAT) or, in the case of historical or donated items, a nominal value of £1, which meets the requirements of Government Accounting.

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### ***Conclusions***

***No issues arise in this area of review warranting formal comment or recommendation.***

## **Investments and Loans**

The Council reviewed its Investment Strategy at its June 2024 meeting. We note that it is under regular review by the Finance Committee.

The Council has no loans in place either repayable by or to it.

### ***Conclusions***

***No issues arise in this area of review warranting formal comment or recommendation.***

## **Statement of Accounts and AGAR**

Local government legislation is aimed at increasing the awareness of the public and openness in the management of public finances. The Annual Governance and Accountability Return (AGAR) provides the basis for the external auditor's certificate, informed by an independent internal audit.

We have duly agreed the detail on the draft 2025-26 AGAR to the underlying financial and other records, with no issues arising.

We have reviewed and agreed detail recorded in both the Scribe generated detailed Statement of Accounts and AGAR with no errors or anomalies identified.

We have discussed the Council's status regarding its ability to assign a positive assurance to the additional Box 10 assertion in the 2025-26 Governance Statement reviewing all relevant supporting documentation. Consequently, we will also be assigning a positive assurance in the year's IA certificate at Box "O".

We are pleased to note that the Council has taken appropriate action to ensure that it is able to give a positive response to the new, for 2025-26, Assertion 10 in the AGAR Governance Statement developing a range of appropriate policies and procedures to help ensure the security of its website and compliance with GDPR and other regulations.

### ***Conclusion***

***On the basis of our work as detailed above we have duly signed off the Internal Audit Report in the AGAR assigning appropriate assurances in each of the areas.***