

Broughton Gifford Parish Council

Internal Audit Report: 2025-26

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Background

The Accounts and Audit Regulations introduced from 1st April 2001, as amended periodically, require all Town and Parish Councils to implement an independent Internal Audit (IA) examination of their accounting records and systems of internal control and for the conclusions to be reported each year in the Annual Governance and Accountability Return (AGAR).

This report sets out the work undertaken in relation to the 2025-26 financial year during our initial review of the Council's records undertaken in mid-January 2026 together with our final review on 28th April 2026. We thank the Clerk for assisting the process, providing all necessary documentation in a mix of electronic and hard copy format to facilitate completion of this year's review.

Internal Audit Approach

In undertaking the review, we have again had regard to the materiality of transactions and their susceptibility to potential mis-recording or misrepresentation in the year-end Statement of Accounts / AGAR. Our programme of cover has been designed to afford appropriate assurance that the Council's financial systems are 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 'IA Certificate' as part of the Council's AGAR process, which requires independent assurance over several internal control objectives.

Overall Conclusion

We are pleased to conclude that, based on the work undertaken this year, the Clerk and Council have again maintained adequate and effective internal control arrangements over the Council's finances. We have, however, identified a few relatively minor areas where we consider controls could and should be further strengthened, detail of which is set out in the body of the following report with consequent recommendations further summarised in the appended Action Plan for ease of members reference and response.

We have completed and signed the 'IA Certificate' in the year's AGAR assigning positive assurances in each relevant area, except in relation to the new, for 2025-26, AGAR Governance Statement Assertion 10 where the Council has still a degree of work to do to ensure compliance leading to provision of a positive assurance in the future 2026-27 Governance Statement.

We also take this opportunity to remind the Clerk of the guidance notes in the preface to the year's AGAR in relation to the documentation that should be displayed on the Council's website, together with the need to ensure compliance with the timing requirements for publication of the Notice of Public Rights to examine the Council's documentation for the financial year.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

Our objective here is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in the financial ledgers. The Clerk has again used the Easypc accounting software to maintain the financial records for the year, which we consider appropriate given the level of annual transactions with two bank accounts in place with Lloyds (Treasurer's for day to day transactions and Instant Access for Solar Farm funds): the latter is credited with small amounts of interest each month. We have: -

- Checked and agreed the opening balances for 2025-26 to the closing Trial Balance and certified AGAR for 2024-25;
- Verified that appropriate analysis is in place to facilitate production of a detailed Statement of Accounts and transfer of said detail to the Accounts in the AGAR, Section 2;
- Checked and agreed all (due to their low volume) transactions for the financial year to the supporting bank statements on both accounts;
- Ensured that the accounts remain "in balance" at the financial year-end;
- Checked the accuracy of detail in the two accounts' bank reconciliations as at 30th June and September, plus 31st December 2025 and March 2026, noting that monthly bank reconciliations are prepared and retained in the file of financial records, also noting that the reconciliations and bank statements are being signed-off by a non-signatory councillor as required by the adopted Financial Regulations; and
- Ensured the accurate disclosure of the combined account balances in the AGAR at Section 2, Box 8.

Conclusions

We are pleased to record that no issues arise in this area requiring formal comment or recommendation.

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 (SOs) and that, as far as we are reasonably able to ascertain as we do not attend Council or Committee meetings, no actions of a potentially unlawful nature have been or are being considered for implementation.

We are pleased to note that the Council has adopted the latest NALC model SOs and Financial Regulations (FRs) in January 2026 and December 2025, respectively. We reviewed their content at the time of our interim review noting that the SOs recorded a value of £60,000 for formal tender action (Para 18.a.v refers) whilst the FRs recorded a value of £10,000 including VAT (Para 5.6 refers): the two documents should record a consistent value which we suggest should be at the lower value of £10,000 net of VAT. We drew this to the Clerk's attention and are pleased to note that the Council has agreed to reduce the SO's value to £10,000 in line with the FR's value.

We have examined the minutes of meetings of the Council held during the financial year to ensure that no issues either exist currently or are developing that may have an adverse effect on the Council's financial standing: we have also sought to ensure that, as far as we are reasonably able to ascertain as we do not attend meetings, no actions are planned or have taken place that may be of an ultra vires nature and place the Council at risk of criticism or possible financial penalty.

We note from examination of the Council's website that the external auditors signed off the 2024-25 AGAR, with one issue recorded relating to Assertion 4 in the AGAR Governance Statement, to which we also note that the auditors acknowledged the Council's confirmation of non-compliance and acceptance that "appropriate action had been taken to address the weaknesses identified".

Whilst not legally bound by the requirements of the Transparency Code for Smaller Authorities, we again urge that, in line with best practice and as the 2025-26 turnover only marginally exceeds the £25,000 threshold, the Council should consider publishing all the requisite information. We have provided the Clerk with a copy of the Code to assist the process.

We have also discussed with the Clerk the Council's approach to ensuring compliance with the new, for 2025-26, Assertion 10 in the AGAR Governance Statement. Whilst we note the intention to develop a raft of appropriate and related policies and procedures, work has still to be undertaken in that respect and the Council will, consequently, need to give a negative response in that respect, as will we at Box "O" in the year's IA Certificate. We have provided the Clerk with detail of the documentation and actions required to facilitate a positive response.

Conclusions and recommendations

Whilst no significant concerns arise in this area this year, we make one or two suggestions where we feel that the Council should consider ensuring compliance with best practice.

R1. The Council must take appropriate action as soon as practicable to ensure that it meets the data security requirements covered by the 2025-26 new Assertion 10.

Review of Expenditure & VAT

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- Appropriate procedures are in place to ensure compliance with the Council's Standing Orders and Financial Regulations with regard to tendering and quotation action;
- Payments are supported by appropriate documentation, 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 coding and cost centre has been applied to invoices when processed; and
- VAT has been appropriately identified for periodic recovery.

Due to their relatively low volume and tidy manner of filing, we have examined all payments during the year to ensure compliance with the above criteria: we have noted previously that members were not routinely providing any formal confirmation of their review of documentation

supporting each payment and are pleased to now note that the 2025-26 documentation has been signed off / initialled appropriately.

We note that a VAT reclaim for expenditure incurred in 2024-25 has been prepared and submitted to HMRC with repayment received in December 2025.

Conclusions

We are pleased to record that no issues arise in this area this year warranting formal comment or recommendation. We do, however, suggest that a VAT reclaim for 2025-26 is prepared and submitted to HMRC as soon as practicable.

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 note that the Council's Risk Management policy has been reviewed and re-adopted by the Council at the April 2025 meeting and have reviewed the resultant document. We are again pleased to record that the register affords indication of both the likelihood of the individually identified risks coming to fruition and the potential impact (financial or political) on the Council should that eventuality arise. We consider the resultant register appropriate for the Council's present requirements.

We have examined the Council's current insurance policy, arranged through "Clear Councils", with Public and Employer's Liability both standing at £10 million and Fidelity Guarantee at £250,000, all of which we consider appropriate for the Council's present needs.

We have also noted previously that the Council's play area is subject to periodic inspections during the year by the Village Caretaker, also noting that he had undergone the relevant training and received the necessary accreditation with relevant supporting documentation following the reviews being retained by the Clerk.

Conclusions

We are pleased to record that no issues arise in this area warranting formal comment or recommendation.

Budgetary Control and Reserves

We aim in this review area to ensure that the Council has appropriate procedures in place to determine its future financial requirements leading to the adoption of an approved budget and formal determination of the amount to be precepted on Wiltshire Council; that effective arrangements are in place to monitor budgetary performance throughout the financial year and that the Council has identified and retains appropriate reserve funds to meet future spending plans.

We note from our review of minutes that, following due deliberation, the 2026-27 budget and precept were approved and adopted at the January 2026 Council meeting, the latter being recorded as £20,234 an increase of 5%.

We have recorded previously that the minutes of meetings afford no indication that members are provided with periodic budgetary performance information during the year and have again seen no indication of any appropriate action to address this in the financial year under review.

We have considered the appropriateness of the level of retained reserves to meet the Council's ongoing revenue spending requirements noting that the year-end balance has increased marginally to £64,604 (£63,114 at 31st March 2025): of that sum £50,820 is earmarked as "Solar Farm" money. The residual General Fund reserve balance of £13,784 equates to approximately 7 months' revenue spending at the 2025-26 level and is within the generally recognised level of between three-and-twelve-months' revenue spending.

Conclusions and recommendation

We are pleased to record that no significant concerns have been identified in this area although, as indicated above, we urge that members are provided with periodic detail of financial performance against the year's approved budget.

R2. The Council should be provided with periodic financial information comparing the actual receipts and payments at the point of reporting against the approved annual budget.

Review of Income

The Council has relatively limited sources of income, primarily the annual precept, cemetery fees, occasional grants, bank interest, CIL moneys and recoverable VAT. As indicated earlier in this report, we have checked and agreed the detail of these for the year to bank statements and other supporting documentation where available.

As part of our review programme, we have examined the Council's burial records noting that three interments had occurred in the financial year to the end of December 2025, also noting receipt of the appropriate fees in respect of memorials and exclusive burial rights. We note that the schedule of fees and charges posted on the Council website is out of date, noting that the fees were reviewed with increases approved to take effect from 1st April 2025.

Conclusions

We are pleased to record that no issues have been identified in this area other than to remind the Clerk to ensure that the website detail of fees and charges is updated appropriately to reflect the current charges for cemetery associated income.

Petty Cash Account

The Council does not operate a petty cash account, any out-of-pocket expenses incurred by the Clerk in connection with her work for the council being reimbursed through the usual trader payment process.

Review of Staff Salaries

In examining the Council's payroll function, we aim to verify that staff salaries are paid in accordance with their Contracts of Employment and that legislation is being appropriately

observed as regards adherence to the requirements of HMRC regarding the deduction and payment over of income tax and NI contributions. To meet this objective, we have:

- Reviewed the Council’s payroll preparation procedures noting that the payroll function is outsourced to a payroll bureau;
- Checked to ensure that the Council has prepared an appropriate Employment Contract for the Clerk: in doing so, we note that she is now employed for 12 hours per week with effect from 1st December 2025 on the National NJC Scale Point 22; and
- Reviewed the Clerk’s salary payments for the year by reference to a sample of monthly payslips processed during the year with appropriate arrears paid in December 2025 following an agreed salary increase.

Conclusions and recommendation

We are pleased to record that no significant concerns arise in this area this year, although we again note that the Clerk’s net salary is paid by standing order resulting in the occasional small variance in value to the supporting monthly payslip calculated net pay.

R3. Ideally, the Clerk’s monthly salary should be paid in accordance with the net pay recorded on the monthly payslips rather than by a fixed value standing order, as the net pay may vary marginally from one month to the next. This has been actioned accordingly with the Clerk’s salary now paid in line with the net pay on the monthly payslips.

Fixed Asset Registers

“The Governance and Accountability Manual – The Practitioner’s Guide” requires all councils to maintain a record of all assets owned. We have checked and agreed the detail recorded in the Council’s Asset Register, noting that it has been prepared using purchase cost values, net of VAT as required by “The Guide”, or, where that value is unknown, at the prior year recorded value uplifted or decreased to reflect the acquisition or disposal of any assets during the financial year. We have consequently verified that the AGAR value at Box 9 equates to the Asset register value as recorded at 31st March 2026.

Conclusions

We are pleased to record that no issues arise in this review area warranting formal comment or recommendation.

Investments and Loans

The Council has one small residual investment of £15.44 in 2.5% Consolidated Stock, the value of which is reported appropriately as a “Fixed Asset” in the Asset register and thence the AGAR.

Statement of Accounts and AGAR

The AGAR forms the Council’s statutory accounts subject to external audit examination and certification, other than for those councils with an annual turnover below £25,000 who may claim exemption. As indicated earlier in this report, Broughton Gifford is not eligible to claim

exemption from the external audit process and must therefore submit a Form 3 AGAR to the appointed external auditor for certification for 2025-26.

We have reviewed and ensured the accuracy of the financial detail for 2025-26 as disclosed in the year's AGAR to the underlying Easypc accounts.

Conclusions

Based on the satisfactory conclusions drawn from our review programme for the year, we have signed off the IA Certificate in the AGAR assigning positive assurances in each relevant area except, as referred to earlier in this report, in relation to compliance with Assertion 10.

Rec. No.	Recommendation	Response
Review of Corporate Governance		
R1	The Council must take appropriate action as soon as practicable to ensure that it meets the data security requirements covered by the 2025-26 new Assertion 10	
Review of Budgetary Control and Reserves		
R2	The Council should be provided with periodic financial information comparing the actual receipts and payments at the point of reporting against the approved annual budget.	
Review of Staff Salaries		
R3	Ideally, the Clerk's monthly salary should be paid in accordance with the net pay recorded on the monthly payslips rather than by a fixed value standing order, as the net pay may vary marginally from one month to the next	<i>This has been actioned accordingly with the Clerk's salary now paid in line with the net pay on the monthly payslips.</i>