

Internal Audit Report

(to be read in conjunction with the Annual Internal Audit Report in the Annual Governance and Accountability Return)

Name of council:	Sandon Parish Council		
Name of Internal Auditor:	James Parker	Date of report:	05/05/2026
Year ending:	31 March 2026	Date audit carried out:	Nov 2025 & May 2026

Internal audit is the periodic independent review of a council's internal controls resulting in an assurance report designed to improve the effectiveness and efficiency of the activities and operating procedures under the council's control. Managing the council's internal controls should be a day-to-day function of the council through its staff and management and not left for internal audit. It would be incorrect to view internal audit as the detailed inspection of all records and transactions of a council in order to detect error or fraud. This report is based on the evidence made available to me and consequently the report is limited to those matters set out below.

The council is required to take appropriate action on all matters raised in reports from internal and external audit and to respond to matters brought to its attention by internal and external audit. Failure to take appropriate action may lead to a qualified audit opinion.

To the Chairman of the Council:

Introduction

As requested I have examined the operation and accounting of the Council and make the following comments, with reference to guidance for Internal Audit provided in the Practitioners Guide 2025. This report should be read in conjunction with the attached certificate (page 3 of the AGAR) which represents my assessment of the extent to which the Council has met the specified internal control objectives. I can confirm that the Clerk has been given the opportunity to comment on a draft of this report to minimise the risk of factual misunderstandings.

I am required to assess, for each objective, whether 'in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.' The Council should be aware that, where I make comments below but nevertheless give a 'yes' answer to the related control objective, I have given the 'yes' answer on the basis that I consider that the objectives are met in all *significant* respects and/or to a standard *adequate* to meet the needs of the authority. This is somewhat subjective and the Council should consider, when assessing any risk referred to in my comments, that others may take an alternative view.

This report should also be read in conjunction with guidance laid out in The Practitioners' Guide 2025.

Section 1, 2 and 3 of the guide represents the proper accounting and governance practices ('proper practices') referred to in statute.

Section 4 of the guide sets out the non-statutory, best practice, guidance relating to internal audit which authorities are required to consider.

Section 5 of the guide provides supporting information and practical examples to assist smaller authority officers to manage their governance and financial affairs and is not mandatory.

By using this guide to refer to the proper practices referred to in statute, and considering the non-mandatory guidance, you can ensure that the systems and procedures you have in place are robust and offer a secure framework of governance and accountability.

These comments and the attached certificate will inform the authority's response to Assertion 2 and Assertion 6 in the annual governance statement.

General

It is clear from inspection of records presented to me, discussion with the Clerk and inspection of the Council's website, that the Council's business is well managed and recorded, with high standards applied. The documentation, both on the website and in terms of the submissions made in response to audit questions was well organised and the Clerk was quickly able to respond to questions. I do have some observations and concerns however which are set out below.

A. Appropriate accounting records have been kept throughout the Year & Periodic bank reconciliations were properly carried out during the year (Yes)

B. The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for. (Yes)

C. The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these. (YES).

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

The statutory process for determining the precept is set out in the Local Government Finance Act 1992 Section 49A1. This specifies the matters that must be considered, how they are to be applied, and the formula for calculating the precept.

1 <https://www.legislation.gov.uk/ukpga/1992/14/section/49A>

Unfortunately, and in contravention to the legislation, it still appears that the precept was (as in previous years) an input to not an outcome from the calculation. It is also noted that the additional income from the Council Tax Reduction Scheme is not recorded in the budget. I am advised that this is not known until the precept demand is completed; however an attempt could be made to estimate it if the District Council is unable to provide the formula by which it is calculated.

On the grounds that I can find no evidence to suggest that the outcome would have differed materially had these deficiencies been addressed, I am responding 'yes' to this assertion however others may take a different view as might I in future years.

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

With the exception of the payments due from the District Council there is no income.

F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for (n/a)

It is understood that petty cash is not in use. This section has therefore been marked 'not covered'.

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

H. Asset and investment registers were complete and accurate and properly maintained. (Yes)

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

J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate (Yes)

K. If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt. (Yes)

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. (Yes)

It is noted that minutes of Council meetings refer to documents (background papers) which are linked to not incorporated within the parent document. Whilst this meets the requirements of the legislation, it does not ensure that the record is robust with time. Websites and documents therein get moved and, unless links are maintained, which is unlikely, they eventually fail as a consequence. The Council is strongly encouraged to include embed background papers with the minutes and/or agenda instead of lining to them so that the long term integrity of the record is ensured.

M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (Yes)

O. The authority has complied with laws, regulations & proper practices relating to digital and data compliance (No)

It should be noted that Section 1 Assertion 10 of the AGAR is a new category for councils to review and determine for audit year 2025/26. The statutory requirements are not new but have been separated out to offer greater clarity. Compliance with assertion 10 should be assessed by council using the 2025/26 Practitioners Guide (unless council choose to use the updated 2026/27 guide).

To ensure this area is audited Internal Auditors have been provided with this new control category 'O' which was unfortunately omitted from the Internal Audit section of the Practitioners Guide for 2025/26. This year I have assessed your council on the basic requirements, having regard to appropriate proportionality, to determine compliance.

Council must ensure that full reference is made to all sections of the Practitioners' Guide for 2026/27 to ensure compliance with the enhancements for 2026/27.

Whilst the Council complies in part I can find no evidence that the accessibility of the website has been assessed nor of an accessibility statement. I can also find no evidence that an audit of data has been carried out nor alternative steps to ensure compliance with GDPR, or of a data protection policy (I acknowledge that there is a privacy policy). I am therefore unable to answer 'Yes' to this statement.

P. Trust funds (including charitable) – The Council met its responsibilities as a Trustee (n/a)

Yours sincerely,

James Parker
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