

Elsing Parish Council

Internal Audit Report

For Elsing Parish / Town Council

Financial Year 25/26

Prepared by Clare Morton

Date 2 May 2026

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I have completed an internal audit of the accounts for Elsing Council for the year ending 31st March 2026

My findings are detailed below using the tests provided in the **Governance and Accountability (England) March 2025**

I would like to thank the Clerk/RFO for providing me with all the information required for the Internal Audit.

Internal control	Test	Observations
Proper bookkeeping	Is the cashbook maintained and up to date?	Yes
	Is the cashbook arithmetically correct?	Yes
	Is the cashbook regularly balanced to the bank?	Yes
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Yes Sept 25 minutes P94, item 13
	Do the Financial Regulations comply with the financial details in Standing Orders?	Yes
	Date Standing Orders last reviewed	15/9/25
	Date Financial Regulations last reviewed	15/9/25
	Has a Responsible Financial Officer been appointed with specific duties?	Not specifically re-appointed, clerk takes on role of RFO.
	Is this evidenced in a Job Description?	Yes
	Have goods over £5000 been competitively purchased?	Not applicable
	Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?	Yes – predominantly (see notes)
	Has VAT on payments been identified, recorded and reclaimed?	Identified and recorded. No reclaim for this financial year but amount small.
	When was the last reclaim submitted?	9/7/2024
	Has s137 expenditure been approved and separately recorded and within statutory limits? (where applicable)	Auditor expectations are that donations will be highlighted as

Internal control	Test	Observations
		S137 however this differs from advice received by clerk.
	Has a councillor been appointed as an Internal Control Officer?	No however Cllr Horncastle perform role.
Risk management arrangements	Does a review of the minutes identify any unusual financial activity?	No
	Do minutes record the council carrying out an annual risk assessment or review of their risk management scheme?	Financial risk assessment present dated 31/3/26 however adoption is unminuted.
	Does the Scheme detail all potential risk areas?	no risk assessment for physical assets, other than the Wild Track where RA is being sought.
	Is insurance cover appropriate and adequate?	Insurance present however document not available so adequacy not assessed.
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes however not minuted as approved.
	Has the precept been calculated from the budget and been approved?	Yes Jan 26 minutes P99 item 10.
	Does the budget include an actual completed year?	yes
	Is actual expenditure against budget reported to the council during the year as well as at budget time?	By documents produced by Mr Horncastle rather than clerk.
	Are there any significant unexplained variances from budget?	no

Internal control	Test	Observations
Income controls	Is income properly recorded and promptly banked?	Yes
	Does the precept recorded agree to the Council Tax authority's notification?	Yes
	Are security controls over cash and near-cash adequate and effective?	Yes
Petty cash procedures (if applicable)	Is all petty cash spent recorded and supported by VAT invoices/receipts?	Cash not handled
	Is petty cash expenditure reported to each council meeting?	Not applicable
	Is petty cash reimbursement carried out regularly?	Not applicable
Payroll controls	Do all employees have contracts of employment with clear terms and conditions?	Yes
	Do salaries paid agree with those approved by the council?	Yes
	Are salaries above the National Living Wage/Minimum Wage?	Yes
	Are other payments to employees reasonable and approved by the council?	Yes
	Have PAYE/NIC been properly operated by the council as an employer?	yes

Internal control	Test	Observations
Asset controls	Does the council maintain a register of all material assets owned or in its care?	Yes
	Are the assets and Investments registers up to date? When were these last reviewed?	Yes – insured list is undated but uninsured list is dated 31/3/26. Minutes show items added to it.
	How are asset valuations recorded?	At cost
Bank reconciliation	Is there a bank reconciliation for each account and is this reported to council?	Yes
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes
	Are there any unexplained balancing entries in any reconciliation?	No
	Does the end of year bank reconciliation include all cash held? Other than long term investments)	yes
Year-end procedures	Are year-end accounts prepared using the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Yes
	Do accounts agree with the cash book? Do accounts include a comparison to the previous year?	Yes On AGAR
	Have variations (+/- 15%) been detailed numerically and quantitatively?	Yes
	Date AGAR to be considered by Council	18 May 26

Internal control	Test	Observations
	Where appropriate, have debtors and creditors been properly recorded?	Not applicable
Procedural	Appointment of the IA has been agreed – minute reference	Yes – May 25, P88 item 16.
	Have points raised on the last Internal Audit report been considered by council and actioned?	Largely – July 25 minutes, P91 item 17. Not all points raised were discussed.
Transparency: For smaller councils with turnover under £25,000	Minutes for whole year on website?	Yes
	Agendas for whole year on website?	Yes
	Payments over £100 detailed on website?	Not detailed separately however complete list of payments are available.
	Electors' rights advertised on website?	Yes
	Councillors' responsibilities detailed on website?	Yes
	Last financial year's AGAR on website?	Yes
	Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use)	Not detailed as a separate register however land appears on the asset register and is described on the website. It should also be a separate document
Burial Authorities only	Are fees levied in accordance with the Council's approved scale of fees and charges?	Not applicable

Internal control	Test	Observations
	Have fees for the cemetery been reviewed and agreed by Council?	Not applicable
	Were comparisons made with other cemeteries prior to setting the fees?	Not applicable
	Have burial books been kept up to date and are they safely stored?	Not applicable
Allotments only	Has a list of allotment holders with amounts paid to Council been submitted?	Yes
	Have fees for the allotments been reviewed and agreed by Council?	Not evidenced – allotments are a normal agenda item but fees not reviewed.
	Has a Financial Risk Assessment been undertaken for any larger projects undertaken?	Yes
Box 10 Assertion	Data Protection Policy in place?	Yes – readopted Sept 26 P93, item 7 on document dated May 2021.
	Generic e mail account hosted on an authority owned domain?	Yes
	Accessibility Statement on the website?	Yes
	Council registered with the ICO	Yes
	Website meets Web Content Accessibility Guidelines?	Yes
	Is there an FOI Publication Scheme?	No
	Is it on the website?	No
	Is it regularly updated?	No

Reasons for any "NO" Boxes on the Internal Auditor's Report:

(Note that if the Council is over £25,000 the information below should be sent to the External Auditor.)

- There is a lack of compliance relating to FOI requirements. There is no FOI Publication scheme on the website. The legal obligation to publish a wider range of policies comes from the Freedom of Information Act 2000 (FOIA) and the ICO's Model Publication Scheme.
- There is no risk assessment relating to the control of physical assets. This should include details of inspection regimes and consider the likelihood of theft, damage etc.
- I could not find minuted approval for the £200 payment to Norfolk Woods and Hedges or for the £36 payment to Luke Adams for a sign.
- Although the minutes indicate that allotments are currently all let, there is no annual review of rents.
- It is good practice to formally confirm the role of RFO annually.
- I have noted that you have not claimed VAT within the past year.
- I have verified that you have insurance but have not checked its adequacy..

Summary of my recommendations:

As recommended last year, I would recommend that Council reviews its Internal Controls / Risk Assessment, with particular reference to having its own smart phone going forward. I note that the Council does on-line banking, so the two step identification is currently likely to use a personal mobile, and the personal number of the clerk has to be given out to parishioners and businesses wanting to contact the Council by phone. If the Clerk was to leave her role, taking her phone number with her, your business continuity would be severely impacted as a result.

Clare

Clare Morton
Internal auditor