Annual Internal Audit Report 2025/26

Kingsmead Parish Council

kingsmead pc. org. uk

During the financial year ended 31 March 2026, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2025/26 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on 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.

KEY: IA = Internal Audit

Internal control objective	Yes	No*	Not covered**	
A. Appropriate accounting records have been properly kept throughout the financial year.	✓			
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓			
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓			
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓			
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓			
F. Cash payments were properly supported by receipts, all cash expenditure was approved and VAT appropriately accounted for.			✓	N/A no petty cash system
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓			
H. Asset and investments registers were complete and accurate and properly maintained.	✓			
I. Periodic bank account reconciliations were properly carried out during the year.	✓			
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓			
K. If the authority certified itself as exempt from a limited assurance review in 2024/25, it met the exemption criteria and correctly declared itself exempt. *(If the authority had a limited assurance review of its 2024/25 AGAR tick "not covered")*	N/A		✓	
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.	✓			
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 *(during the 2025/26 AGAR period, were public rights in relation to the 2024-25 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).*	✓			
N. The authority has complied with the publication requirements for 2024/25 AGAR *(see AGAR Page 1 Guidance Notes).*	✓			
O. The authority has complied with laws, regulations & proper practices relating to digital and data compliance.	✓		*See 1 below	except for issue 1.) in IA report
P. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable ✓	

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken: DD/MM/YYYY 27/04/2026

Name of person who carried out the internal audit: JDH BUSINESS SERVICES LTD

Signature of person who carried out the internal audit: [signature]

Date: 28/04/2026

***If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).**

Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report **must explain why not (add separate sheets if needed).

1. Disclaimer - scope limited to checking appropriate policies and council-owned domain and email address in place

INTERNAL AUDIT REPORT
KINGSMEAD PARISH COUNCIL
2025/26

The internal audit of Kingsmead Parish Council was carried out by undertaking the following tests as specified in the AGAR Annual Return for Local Councils in England:

- Checking that books of account have been properly kept throughout the year
- Checking a sample of payments to ensure that the Council's financial regulations have been met, payments are supported by invoices, expenditure is approved, and VAT is correctly accounted for
- Reviewing the Council's risk assessment and ensuring that adequate arrangements are in place to manage all identified risks
- Verifying that the annual precept request is the result of a proper budgetary process; that budget progress has been regularly monitored and that the council's reserves are appropriate
- Checking income records to ensure that the correct price has been charged, income has been received, recorded and promptly banked and VAT is correctly accounted for
- Reviewing petty cash records to ensure payments are supported by receipts, expenditure is approved and VAT is correctly accounted for
- Checking that salaries to employees have been paid in accordance with Council approvals and that PAYE and NI requirements have been properly applied
- Checking the accuracy of the asset and investments registers
- Testing the accuracy and timeliness of periodic and year-end bank account reconciliation(s)
- Review of year-end financial statements
- The authority has complied with the publication requirements for the prior year AGAR.
- The authority correctly provided for a period for the exercise of public rights for the prior year AGAR
- The authority published required information on a website up to date at the time of the internal audit in accordance with relevant legislation.
- Review of Assertion 10 (Annual Governance Statement) requirements.

Conclusion

On the basis of the internal audit work carried out, which was limited to the tests indicated above, in our view the council's system of internal controls is in place, adequate for the purpose intended and effective, subject to the recommendations reported in the action plan overleaf. As part of the internal audit work for the next financial year we will follow up all recommendations included in the action plan.

JDH Business Services Limited

INTERNAL AUDIT REPORT
KINGSMEAD PARISH COUNCIL
2025/26

	ISSUE	RECOMMENDATION	FOLLOW UP
2025/26 internal audit			
1	**Accessibility** The Accessibility Statement published on the Council website states it is partially conformant with WCAG 2.1 level AA. The statement was last updated in September 2020. The Practitioners Guide states: 'All websites must meet the Web Content Accessibility Guidelines 2.2 AA and the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018 (where applicable).' Accessibility Regulations were incremented to WCAG 2.2 AA in October 2024.	*The council needs to ensure the Accessibility Statement is updated and that the website is compliant with the Web Content Accessibility Guidelines 2.2 AA.*	**The council recognises the need to amend its Accessibility Statement and to update its website to be compliant with the Web Content Accessibility Guidelines 2.2 AA.** **This recommendation was reviewed at a meeting on Monday 18th May (agenda item 013.5) and the council approved a recommendation from its IT Working Group (agenda item 015.1) to outsource the hosting of its website to a suitable third-party provider with proven experience in this sector. The IT Working Group will review suitable providers and a final decision will be made at a Full Council meeting in June. A fully compliant website should be available by September and the Accessibility Statement will then be updated to reflect this change.**
2024/25 internal audit			
1	Vat has been reclaimed at 20% of the mileage rate of 45p paid for travel expense	*The correct Vat element of 45p mileage claims should be reclaimed by reference to*	**Implemented**

	ISSUE	RECOMMENDATION	FOLLOW UP
	claims. However, the Vat that can be claimed on the 45p mileage rate is limited to the VAT on the fuel element of rates as set out in HMRC advisory rates, which is significantly lower. For example, for a car up to 1400cc and an associated HMRC fuel advisory rate of 12p, the VAT element of the 45p mileage rate that can be reclaimed is limited to 2p, giving an effective reclaim rate of 2p/45p*100= 4.44% (rounded).	*the HMRC advisory rates for the fuel element of mileage rates.*	
2023/24 internal audit			
1	We could not identify on the website the following published information as required by the Local Authority Transparency Code 2015: *PUBLICATION 32. Local authorities must also publish details of any contract, commissioned activity, purchase order, framework agreement and any other legally enforceable agreement with a value that exceeds £5,000. For each *contract, the following details must be published:* • *reference number* • *title of agreement* • *LA department responsible* • *description of the goods and/or*	*The council should ensure the website complies fully with the publication requirements of the Local Authority Transparency Code 2015.*	**Implemented**

	ISSUE	RECOMMENDATION	FOLLOW UP
	services being provided • *supplier name and details* • *sum to be paid over the length of the contract or the estimated annual spending or budget for the contract* • *Value Added Tax that cannot be recovered* • *start, end and review dates* • *whether or not the contract was the result of an invitation to quote or a published invitation to tender, and* • *whether or not the supplier is a small or medium sized enterprise and/or a voluntary or community sector organisation and where it is, provide the relevant registration number*		
2	Pay rises are notified to the payroll agent via an email from officers.	*The Chair should be copied into the email from the clerk notifying the annual officer pay rise information to the payroll agent.*	**Implemented**
2022/23 internal audit			
1	Publication Requirements: The Notice of Conclusion of Audit and Audit Certificate were not published by the deadline of September 30th 2022. as the	*No recommendation as the external audit had not been completed by September 30th 2022 so it was not possible to publish the notice within the deadline*	

	ISSUE	RECOMMENDATION	FOLLOW UP
	external audit had not been completed by September 30th 2022. Therefore, we have had to conclude in the AGAR internal audit certificate that the council did not comply with the publication requirements for the 2021/22 AGAR audit as required by the Accounts and Audit Regulations 2015.		
2	Recurring Issue: The risk assessment does not address the risks of supplier fraud as detailed in our 2021/22 report.	*The risk assessment should be updated to include supplier fraud prevention including the adequacy of supplier onboarding controls.*	**Implemented**
2021/22 internal audit			
1	Business Continuity – The stability of staffing in the key positions of clerk/ RFO continues to be a significant issue for the council. A number of locum clerks have been in place recently and there is still no appointed permanent clerk/RFO. In particular, between September and mid-November 2021 it is not clear whether an	*The council should carry out a review to identify and address the reasons why staff in the key position of clerk/RFO do not remain in post for the medium/long term.* *The council should aim for medium term stability of staff resources to enable council functions to be delivered effectively. All new staff should be*	**Implemented**

	ISSUE	RECOMMENDATION	FOLLOW UP
	individual had been appointed in the minutes as the acting RFO to ensure there was a continual RFO function in place in accordance with the Local Government Act 1982 (s151).	*provided with a robust handover regarding detailed responsibilities, procedures, internal controls and other requirements.* *The council should always ensure an individual has been appointed in the minutes as the acting RFO to ensure there is a continual RFO function in place in accordance with the Local Government Act 1982 (s151).*	
2	The 2021/22 accounts have been prepared on an Income and Expenditure (I&E) basis with the 2020/21 accounts also restated on an I &E basis to ensure the comparatives in the AGAR are disclosed on a like for like basis. We have reviewed the I&E accounts for both years including Balance Sheet items such as debtors and creditors.	*The AGAR 2020/21 column should include the word 'RESTATED'*	**2021/22 accounts external audit now complete.**
3	The risk assessment does not address the risks of supplier fraud with mitigation actions such as: - training for staff to alert them to the potential risks of providing sensitive company information, by phone or other means, especially contract and account	*The risk assessment should be updated to include supplier fraud prevention including the adequacy of supplier onboarding controls.*	**Implemented**

	ISSUE	RECOMMENDATION	FOLLOW UP
	information. - establish a rigorous change of supplier details procedure - where a supplier has purported to have changed their bank details always call the supplier to check the veracity of a request, using details in your system, rather than those on any associated letter or email. A person should be authorised to approve a supplier bank account change after having reviewed the process undertaken to verify the supplier details change - periodic review of supplier accounts should also be undertaken to remove any dormant accounts. This reduces the likelihood of any old supplier information being used to secure fraudulent payments. - checking address and financial health details with Companies House - checking samples of online payments to supplier invoices to ensure the payment has been made to the supplier bank account		

	ISSUE	**RECOMMENDATION**	**FOLLOW UP**
4	Payroll and expense information provided indicated that for the employee expenses claim covering Aug/Sept 2021 there were no supporting records or information.	*Supporting information including vouchers should be provided and retained for all expenses claims.*	**Implemented**
5	The council did not evidence that they carried out an annual physical verification of fixed assets recorded in the asset register as required by the following Financial Regulation: 14.6. …… The continued existence of tangible assets shown in the (Asset) Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets.'	*Compliance with the Financial Regulations for fixed assets should be evidenced via a dated signature(s) showing when the annual asset verification check was carried out.*	**Recommendation Outstanding**