

Nuneham Courtenay Parish Council

Internal Audit Report 2025-26

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Background

Statute requires all town and parish councils to arrange for an independent internal audit 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. We have again undertaken the year's review remotely: we wish to thank the Clerk in assisting the process, providing the necessary documentation in electronic format to facilitate completion of our review and sign off of the Internal Audit Certificate in the year's AGAR. We have undertaken sufficient testing to ensure that governance and financial controls remain effective.

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's AGAR. Our programme of cover, as applied to all clients, is 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 'Internal Audit Report' in the Council's AGAR, which requires independent assurance over several internal control objectives.

Overall Conclusion

We have noted a notable improvement in the quality of governance and financial control procedures in 2025-26. However, we have noted the Annual Governance and Accountability Return was not signed off until 11th September 2025, which is later than the statutory deadline.

We have duly completed and signed the 'Internal Audit Report' as part of the AGAR process. We have made a number of other observations throughout this report for consideration by the Council.

Detailed Report

Review of Accounting Records and Bank Reconciliations

The Clerk maintains the Council's accounting records using an Excel spreadsheet, which we consider to be more than adequate given the annual level of transactions. Two bank accounts are in use with Barclays (Community and Business Premium). The cashbook contains appropriate columnar analysis to provide information for inclusion in the statutory Accounts as set out in the AGAR.

We have test-checked a sample of financial transactions to the relevant bank statement, with no issues arising.

We are pleased to see that members receive periodic bank statements which are signed by the RFO. There is no evidence however, of member sign off or scrutiny.

We reviewed the treatment of the Currys laptop purchase as part of our sample testing. The Council had approved the purchase of a replacement laptop, but the final amount paid was higher than the amount originally approved. We understand this arose following changes made by the supplier at the point of sale. The invoice documentation also created uncertainty regarding the VAT treatment, as the supplier's transaction record did not fully align with the VAT invoice issued to the Council. The Clerk did not reclaim the VAT, which we consider to be a prudent and appropriate approach in the circumstances.

However, where the final amount paid differs from the amount approved by Council, the difference should be reported back to Council and retrospective approval sought and minuted. This is not considered a significant weakness, but it should be regularised to ensure a complete audit trail and clear evidence of member approval for the final expenditure incurred.

Conclusion

Whilst we are pleased to see the regular bank reconciliations being presented at meetings, we would like the Council to ensure members are signing off the bank reconciliations.

Review of Corporate Governance

Our objective in this area is to ensure that the Council is complying with best practice and has put in place appropriate arrangements to ensure that good governance is practiced and observed.

We note that the Council has revised both its Standing Orders (SO's) and Financial Regulations (FR's) during the year, which accord with the latest NALC Model Forms.

We have reviewed the Council's Minutes for the year to ensure that, as far as we may reasonably be expected to ascertain, no issues exist or are developing that may have an adverse affect on the Council's financial stability either currently or in the foreseeable future and are pleased to note that no such issues have been identified.

We note that the Council's website continues to meet the publishing requirements of both the Accounts and Audit Regulations and the Transparency Code.

We can confirm that the Exercise of Public Rights with regard to the 2024-25 Accounts was properly undertaken in accordance with the Accounts and Audit Regulations.

Conclusion

There are no issues arising in this area of our review warranting formal comment or recommendation.

Review of Expenditure

Our aim here is to ensure that: -

- 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 payments are approved by members and recorded in the Minutes of the relevant Council meetings
- Relevant Standing Orders and Financial Regulations have been met in relation to formal tendering processes;
- The correct expenditure analysis has been applied to payments when processed; and
- VAT has been appropriately identified for periodic recovery.

We have reviewed a sample of 2025-26 transactions, with no issues arising.

We note that a transaction to Curry's in quarter three has had no reclaimable VAT attributed to it. We would urge the Clerk to review this and ensure VAT is properly claimed.

Conclusion

There are no issues arising in this area of our review warranting formal comment or recommendation, other than our concern about the exclusion of Curry's from the VAT reclaim.

Assessment and Management of Risk

We note that the Council reviewed its Risk Register at its March 2025 meeting, which has been published on its website. This meets the requirement of Financial Regulations for at least an annual review.

The Council insures its assets and procedures via Zurich Municipal. We have examined the insurance schedule and consider that it is in line with the Council's needs with Public and Employer's Liability cover set at £12 million and £10 million respectively, Fidelity Guarantee at £250,000 and sufficient cover for the Council's assets.

Conclusion

There are no issues arising in this area of our review warranting formal comment or recommendation.

Budgetary Control and Reserves

We note that the Council approved and adopted a budget and Precept for 2026-27 of £8,004 at its meeting in January 2026. Budget Monitoring is a Standing Item at each Council meeting.

We note that the Council continues to have a high level of reserves in relation to their NETT revenue expenditure.

Conclusion

There are no issues arising in this area of our review warranting formal comment or recommendation, other than our concern over the high level of the General Reserve.

Review of Income

The Council has very limited sources of income comprising the annual Precept together with bank interest and VAT refunds, and the CIL receipt referred to above. We have checked and agreed the cashbook income entries to bank statements with no issues arising.

Conclusion

There are no issues arising in this area of our review warranting formal comment or recommendation.

Petty Cash Account

The Council does not operate a petty cash account, Therefore, there are no issues arising in this area of our review warranting formal comment or recommendation.

Review of Staff Salaries

In examining the Council's payroll function, we aim to confirm that extant legislation is being appropriately observed as regards adherence to the requirements of HM Revenue and Customs (HMRC) in the deduction and payment over of income tax and NI contributions.

We note that the Clerk is paid on a timesheet basis (in accordance with the established Policy which is detailed on the Council's website), and paid on NJC hourly rates. We also note that a PAYE record has been set up with HMRC. However, despite several requests, we have not been given any HMRC records to confirm the accuracy of statutory deductions. Therefore we are unable to give any assurance in this area.

Conclusion

We are unable to give any assurance in this area.

Fixed Asset Registers

The Governance and Accountability Manual requires all councils to maintain a record of all assets owned. The Asset Register shown in the Council's website is for a relatively low value, unchanged since 2019-20, and meets the requirements of Government Accounting.

Conclusion

There are no issues arising in this area of our review warranting formal comment or recommendation.

Investments and Loans

The Council holds no specific investments or loans requiring separate disclosure.

Statement of Accounts and AGAR

The Accounts and Audit Regulations, as amended periodically, require all councils to prepare annually a Statement of Accounts, which is now set out in the AGAR at Section 2: This, together with the Annual Governance Statement at Section 1, is subject to independent external audit examination and certification. However, as the Council's annual turnover is below £25,000 it can exempt itself from the "Limited Assurance" regime in 2024-25.

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.

Conclusions

Based on the satisfactory conclusions drawn from our programme of work this year, we have duly signed off the IA Certificate in the AGAR assigning positive assurances in each relevant area.

Rec. No.	Recommendation	Response
<hr/> No Recommendations made		