AUDITING SOLUTIONS LTD

Backwell Parish Council

Internal Audit Report (Final update) 2025-26

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Background and Scope

Statute requires all town and parish councils to arrange for 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 two visits to the Council, which took place on 9th December 2025 and 29th April 2026 together with work undertaken at our offices in advance of and after the two visits.

Internal Audit Approach

In conducting our review for the year in accordance with the requirements of the IA Certificate in the AGAR and the latest edition of the JPAG Practitioner's Guide we have again paid due regard to the materiality of transactions and their susceptibility to potential misrepresentation in the Accounts / AGAR, together with examining the overall governance framework. Our aim is to ensure that the Council continues to operate robust control systems and that transactions are, as far as we are reasonably able to ascertain, processed in accordance with national and locally approved legislation.

We have discussed the Council's status regarding its ability to assign a positive assurance to the additional Box 10 assertion in the 2025-26 Governance Statement reviewing all relevant supporting documentation. Consequently, we will also be assigning a positive assurance in the year's IA certificate at Box "O".

Overall Conclusion

We again wish to acknowledge the quality of documentation prepared and maintained by the Clerk, which significantly assists our review process: we are again pleased to record that no issues have been identified from the work undertaken this year warranting formal comment or recommendation.

Based on the satisfactory conclusions drawn from our review programme and testing of transactions for the year we have signed off the IA Certificate in the year's AGAR assigning positive assurances in each relevant area.

We again take this opportunity to draw the Clerk's attention to 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.

This report has been prepared for the sole use of Backwell Parish Council. To the fullest extent permitted by law, no responsibility or liability is accepted by Auditing Solutions Ltd to any third party who purports to use or rely, for any reason whatsoever, on this report, its contents, or conclusions.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

The Council's accounting records are maintained using the Scribe software: the system operates effectively and provides the Council with all necessary and relevant financial information to facilitate its internal monitoring of performance. Five operational bank accounts are in place currently: 3 with Unity, 1 with NatWest and 1 with HSBC. We note that the Council has resolved to close two other inactive accounts with HSBC that have zero balances at the year-end.

Our objective in this review area is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in cashbooks or financial ledgers. We have accordingly: -

- Ensured that the coding structure remains appropriate for purpose;
- Verified the accurate carry forward of the closing balances for 2024-25 into the 2025-26 Scribe accounts;
- Checked detail in the receipts and payments "cashbooks" generated by Scribe, examining all transactions recorded for the financial year agreeing detail to the relevant supporting bank statements;
- Checked and agreed detail on the combined accounts bank reconciliations prepared as of 30^{h} November 2025 and 31st March 2026 with no issues arising; and
- Ensured the accurate recording of the combined bank account balances in the AGAR at Section 2, Box 8.

Conclusions

We are again pleased to record that no issues have been identified in this area of our review process this year.

Review of Corporate Governance

Our objective here is to ensure that the Council has a robust regulatory framework in place, that Council and Committee meetings are conducted in accordance with the adopted Standing Orders and that, as far as we are reasonably able to ascertain, no actions of a potentially unlawful nature have been or are being considered for implementation. We have: -

- Noted that the Council's formal Standing Orders (SOs) and Financial Regulations (FRs) both reviewed and re-adopted by the Council at the May 2025 meeting: we are also pleased to note that a consistent value of £25,000 is recorded in both documents above which value formal tender action is required;
- Reviewed the Council's minutes examining those for the financial year as posted on the Council's website to determine whether any issues exist that may have an adverse effect, through litigation or other causes, on the Council's future financial stability and are pleased to record that no such matters have been identified; and
- Examined the Council's current status regarding the new Assertion 10 in the 2025-26 AGAR Governance Statement and are pleased to confirm that we consider appropriate action has been taken with a raft of suitable policies and procedures in place to warrant a positive response in this respect for 2025-26.

We are pleased to note that the external auditors signed off the 2024-25 AGAR with no qualification or formal observations. We also note the appropriate posting on the Council website of the statutorily required Notice of Public Rights for the requisite 30 working days.

Conclusions

We are pleased to report that no issues arise in this area this year.

Review of Expenditure

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- Appropriate documentation supports payments, 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 expense codes have been applied to invoices when processed; and
- VAT has been appropriately identified and coded to the control account for periodic recovery.

We have reviewed the effectiveness of the Council's control procedures in relation to the scrutiny and approval of traders' and other invoices for payment and consider that they continue to operate effectively with appropriate certification and signed payment authorisation recorded on the stamp affixed to each invoice together with cross-referencing to the Scribe payment cashbook entries and Scribe ledger codes.

We have examined a sample of 50 individual payments processed and paid during the financial year. Our selected sample is drawn from the Scribe Payments "cashbook" and totals £114,600 equating to 66% by value of all non-pay related payments processed in the year.

We are again pleased to note that VAT reclaims continue to be prepared and submitted to HMRC periodically and have agreed detail of the final 2024-25 and three reclaims prepared and submitted covering 2025-26 to the Scribe accounts noting their appropriate and timely repayment.

Conclusions

We are pleased to record that no issues have been identified in this area warranting formal comment or recommendation this year.

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 have examined the Council's insurance policy with Zurich for 2025-26 ensuring that appropriate cover is in place with both Employer's and Public Liability cover standing at £10 million, together with Fidelity Guarantee cover at £0.5 million, all of which we consider appropriate for the Council's present needs;

We are pleased to note that the Council has reviewed and re-adopted its Governance and Management Risk Register at the May 2025 full Council meeting: we have again reviewed the content of the document and consider that it remains appropriate for the Council's present requirements.

We are again pleased to record that the Council's arrangements for the inspection of play areas and playing fields remain sound, with the employment of a local external contractor to undertake regular monthly inspections, supplemented by weekly internal inspections undertaken by two Councillors who have received the appropriate training with an annual review also undertaken by a RoSPA accredited external contractor.

Conclusions

We are pleased to record that no issues have been identified in this area this year warranting formal recommendation: we shall continue to monitor the Council's risk management procedures and insurance cover at future reviews.

Budgetary Control & Reserves

Our objective here is to ensure that the Council has a robust procedure in place for identifying and approving its future budgetary requirements and the level of precept to be drawn down from the District Council: also, that an effective reporting and monitoring process is in place. We also aim to ensure that the Council retains appropriate funds in general and earmarked reserves to finance its ongoing spending plans and cover any unplanned expenditure that might arise.

We are pleased to note that, following due deliberation of the Council's budgetary requirements for 2026-27, the Council approved and adopted, at its January 2026 meeting, a precept of £269,267 for the year.

We note that members continue to be provided with detail of the Council's budgetary position, as generated by the Scribe Accounts software, during the year and have examined the year's budget outturn report and are pleased to record that no unexplained variances exist that warrant further enquiry or comment. The year-end outturn in Scribe records that receipts stood at 168% of the agreed budget, whilst payments stood at 87%: the high receipt percentage is the result of receipt of further CIL moneys totalling £133,000.

We have also considered the ongoing appropriateness of the Council's overall retained reserves which have increased to £432,333 (£341,879 at 31st March 2025): of that total, £224,889 is set aside in 9 specific earmarked reserves including total CIL moneys of £137,539 leaving a General Reserve balance of £207,443 which equates to approximately 10 months' revenue spending at the 2025-26 level and sits comfortably within the generally recognised holding of between 3 and 12 month's such spending.

Conclusions

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

Review of Income

The Council has relatively limited sources of income, primarily the annual precept, allotment rents, occasional grants and donations, including CIL moneys, and bank interest.

Our objective in this area is to ensure that all income due to the Council is identified and recovered within an appropriate period and is also banked promptly. We have, as indicated in the first section of this report, confirmed income arising from bank interest, allotments and other miscellaneous receipts for the year, together with receipt of the two half-yearly precept payments.

The allotment rental year commences on 1st January annually: the Clerk maintains an appropriate spreadsheet control record of tenants with the amounts due and received and means of payment to the Council recorded for each plot. We are pleased to again note that the dates of receipt are recorded on the spreadsheet thereby providing a comprehensive audit trail from the register through to the Scribe accounts. We have examined the register as it stands at the financial year-end and are and are pleased to record that no issues have been identified in this area with all rents duly paid, also noting that one had paid for a full plot rather than a half: we note that ongoing efforts are being made to refund the overpayment.

Conclusions

We are pleased to record that no issues arise in this area this year.

Petty Cash Account

The Council does not operate a formal petty cash account nor make any cash payments: any expenses incurred are reclaimed monthly and repaid through the normal invoice process.

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 Employee Rights Act 1998 and the requirements of HMRC legislation as regards the deduction and payment over of income tax and NI contributions, together with meeting the requirements of the local government pension scheme. To meet the above objective, we have: -

- Checked detail of the gross salaries paid in September 2025 to the contracted weekly hours and approved spinal point on the national salary scale for each staff member. Theat month's payroll includes gross payments based on the 2025-26 nationally agreed pay award, together with arrears backdated to 1st April 2025. Including any overtime paid in the months to 31st August 2025;
- Ensured that tax and NI deductions / contributions have been calculated appropriately on the September 2025 payslips by reference to the relevant HMRC tax and NI tables;
- Similarly, ensured that the appropriate contributions to the pension scheme have been applied; and

- Agreed the physical net salary payments to staff and the relevant agencies for the reviewed month's salaries.

Conclusions

We are pleased to record that no issues have arisen this year from our review of staff salaries.

Asset Registers

The Practitioner's Guide requires all Councils to maintain a Register of Assets, the value of which is recorded in the AGAR at Section 2, Box 9. We note that the Clerk has reviewed and updated the register as at 31st March 2026 adjusting the register appropriately to include the new assets acquired in the year and removing any disposals, resulting in a net increase in the asset value recorded on the year's AGAR.

We have noted previously that certain of the Council's assets have already been photographed and understand that the Clerk is considering the best way of completing the exercise and retaining copies in an appropriate record: we will check on progress as part of our 2026-27 review.

Conclusions

No issues arise in this area warranting formal comment or recommendation.

Investments and Loans

We aim in this area of our review process to ensure that the Council is taking appropriate action to ensure interest earning capabilities are maximised whilst safeguarding the Council's resources. We note that, following our previous suggestion, the Council diversified the placement of funds across three banks.

We have recorded previously that the Council had developed an appropriate Investment Strategy which was formally re-adopted by the Council at its meeting in June 2024.

No loans are in existence either payable by or to the Council.

Conclusions

We are pleased to record that no issues arise in this area this year.

Statement of Accounts and AGAR

The AGAR now forms the Council's Statutory accounts subject to external audit examination and certification. Financial detail for inclusion in Section 2 of the AGAR is generated automatically by the Scribe accounting software, which will be applied when the Clerk presents the 2025-26 AGAR to Council for formal adoption prior to submission to the external auditors.

Conclusions

No issues have been identified warranting comment or recommendation in this area and, based on the satisfactory conclusions drawn from our completed programme of work for the

year, we have signed off the IA Certificate in the year's AGAR assigning positive assurances in each relevant area.