AUDITING SOLUTIONS LTD

Loughton and Great Holm Parish Council

Internal Audit Report 2025-26: Final

Sally King

For and on behalf of
Auditing Solutions Ltd

Background

All town and parish councils are required by statute to make arrangements for an independent internal audit examination of their accounting records and system of internal control and for the conclusions to be reported each year in the Annual Return.

This report sets out the work undertaken in relation to the 2025-26 financial year which took place on 25th January 2026 & 21st April 2026 together with the matters arising and recommendations for action, where appropriate.

Internal Audit Approach

In undertaking our review for the year, we have had regard to the materiality of transactions and their susceptibility to potential mis-recording or misrepresentation in the year-end Statement of Accounts/Annual Return. We have employed a combination of selective sampling techniques (where appropriate) and 100% detailed checks in several key areas to gain sufficient assurance that the Council's financial and regulatory systems and controls are appropriate and fit for the purposes intended.

Our programme of cover has been 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 'Annual Internal Audit Report' in the Council's Annual Return, which requires independent assurance over several internal control objectives.

Overall Conclusion

We have concluded that, based on the satisfactory completion of our programme of work undertaken this year, the Council has again maintained more than adequate and effective internal control arrangements. We are pleased to acknowledge the quality of records maintained by the Clerk and thank her for her assistance, which has ensured the smooth progress of our review process. We are pleased to report that there are no issues arising this year warranting formal comment or recommendation.

Consequently, we have completed and signed the 'Internal Audit Report' as part of the year's AGAR process having concluded that, in all significant respects, the internal control objectives set out in that report were achieved throughout the financial year to a standard adequate to meet the needs of the Council.

This report has been prepared for the sole use of Loughton & Great Holm 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

Our objective here is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in cashbooks or financial ledgers. The Clerk continues to maintain the accounting records utilising the bespoke RBS Alpha software; reporting on an Income & Expenditure basis.

The Council holds both current and deposit accounts with Unity Bank.

We have: -

- Checked and agreed the opening trial balance detail with that stated in the 2024-25 AGAR & Statement of Accounts.
- Noted that the cost centre and expenditure coding structure is appropriate for the management needs of the Council in terms of controlling expenditure.
- Checked detail in the April 2025 & March 2026 current account cashbooks, examining all transactions with reference to the supporting bank statements.
- Verified the year-end bank balances for all bank accounts, ensuring the accurate disclosure of the combined balance in the year-end Accounts & AGAR.
- Confirmed arrangements for back up of accounting system with the clerk.

Conclusions

We are pleased to report that there are no issues in this area of our review process warranting formal comment or recommendation. We have verified the accurate disclosure of the combined year-end bank balances in the AGAR.

Review of Corporate Governance

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

- We have concluded examination of the minutes of the Full Council for the current financial year to establish whether any issues exist that may have an adverse effect, through litigation or other causes, on the Council's future financial stability.
- We note that the Council's extant corporate governance documentation in the form of Standing Orders was reviewed and readopted by Full Council at the meeting held on 16th June 2025, minute reference FC93/25.
- Further noted that Financial Regulations were reviewed and readopted by Full Council at the meeting held on 16th February 2026 minute reference FC27/26 (a).

- We are pleased to confirm that the Council is working towards full compliance of Assertion 10 criteria, including implementation of an IT policy which will be presented to Council for review and adoption in the coming months.
- Reviewed the external auditor's report, issued since our last visit; to confirm they are raising no matters regarding the Councils accounts and governance.
- Although the Clerk is now qualified, the Council does not meet the criteria for General Power of Competence.

Conclusions

We are pleased to report that there are no issues in this area of our review process warranting formal comment or recommendation.

Review of Expenditure

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- 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 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 considered the Council's arrangements for the review, approval and authorisation of the release of funds in the year, noting that each online payment is subject to appropriate authorisation, scrutiny and approval by members at the monthly Council meetings.

To ensure compliance with the above criteria, we have examined a sample of 23 payments processed in the financial year. Our test sample provides a broad cross section of expenditure and traders' invoices totalling £30,118.47 and equates to 32% of total non-pay related expenditure.

Finally, we note that Vat claims have been submitted to HMRC.

Conclusions

We are pleased to report that no issues have been identified in this area warranting formal comment.

Petty Cash Account/ Credit Cards

The Council has no petty cash or credit cards.

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 are pleased to note that that the Council have reviewed and readopted the risk assessment at the meeting held on 16th February 2026 minute reference FC27/26 (b).
- The Council's insurance cover is provided by Zurich Municipal PLC: we have examined the current policy schedule and consider that it meets the present needs of the Council with Public & Employer's Liability set at £12 million and £10 million respectively and Fidelity Guarantee cover of £250k.

Conclusions

We are pleased to report that no issues have been identified in this area warranting formal comment.

Review of Income

In this area of our review work, we aim to ensure that all income due to the Council is identified, invoiced (where applicable) and recovered at the appropriate rate and within a reasonable time scale, also that it is banked promptly in accordance with the Council's Financial Regulations. The Council has very limited income other than the annual Precept; arising basically from grants, allotments, hall and football pitches hire and regular income of £12,500 per annum from hire of the Gt Holm Community Centre by a Pre-school.

The Council has 2 allotment sites, and we are pleased to note that there are no overdue invoices outstanding.

Conclusions

We are pleased to report that no issues have been identified in this area warranting formal comment.

Review of 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) legislation and the deduction and payment over of income tax and NI contributions, together with meeting the requirements of the local government pension scheme, as most recently further amended as regards employee contribution bandings.

Payroll preparation has continued to be undertaken by a local third-party bureau provider (Connolly LLP) using appropriate bespoke software.

Conclusion

We are pleased to report that no issues have been identified in this area warranting formal comment.

Investments and Loans

The Council holds no long-term investments warranting separate disclosure in the Accounts nor does it have any loans either repayable by, or to, it.

We are pleased to note that the council has an Investment Strategy in situ; reaffirmed at the meeting held on 16th June 2025 minute reference FC109/25.

Conclusions

We are pleased to report that no issues have been identified in this area warranting formal comment.

Asset Registers

The Governance and Accountability Manual require all councils to develop and maintain a register of assets identifying detail of all land, buildings, vehicles, furniture, and equipment owned by the Council.

We are pleased to note that the Clerk had prepared a detailed asset register which has been updated during 2025-26 financial year.

Conclusions

We are pleased to report that there are no issues arising in this area of our review process warranting formal comment or recommendation. We have ensured the appropriate recording of these assets in the AGAR.

Precept Determination and Budgetary Control

In this area of our coverage, we aim to ensure that the Council has sound procedures in place for the determination of its annual budget and for monitoring and managing available resources throughout the financial year.

We are pleased to note that regular budget monitoring reports are presented to members monthly.

The Council has again, as evidenced by the supporting documentation and minutes, undertaken an appropriate exercise in determining the budget and precept requirement for 2026-27: we note that the year's final draft precept was approved and adopted by Full Council at its meeting held on 19th January 2026 (minute reference FC08/26. The 2026-27 precept was set at £109,485 representing a rise of 5% on the previous year.

The Council's total reserves on 31st March 2026 were £155,124, of which £106,666 is earmarked.

Conclusions

We are pleased to report that no issues have been identified in this area warranting formal comment.

Statement of Accounts and AGAR

The Accounts and Audit Regulations 1996 (as amended periodically) required councils to prepare a formal Statement of Accounts and supplementary Supporting Notes. With effect from March 2011, the AGAR now forms the only statutory Accounts of the Council that are subject to external audit review and certification.

We have checked and agreed entries in the Statement of Accounts generated by the accounting software to the underlying Trial Balance and other documentation provided. Similarly, we have checked and agreed the financial data reported to the AGAR.

Conclusions

No issues have been identified in relation to the verification of detail in the Statement of Accounts and AGAR this year.

Based on our detailed work during the year on the Council's systems of financial control and content of the detailed Statement of Accounts and that summarised detail set out in the AGAR, we have signed off the Internal Audit Report of the AGAR assigning positive assurances, in each relevant area.