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SHERINGTON PARISH COUNCIL
The Pavilion
Perry Lane
Sherington
MK16 9NH

INTERNAL AUDIT REPORT FOR SHERINGTON PARISH COUNCIL 2025/26

BASIS OF REPORT

This report sets out the work undertaken in relation to the 2025/26 fiscal year.
Statute requires all town and parish councils to arrange 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 (AGAR).

This internal audit has been conducted electronically utilising requested documents provided by the Clerk, as well as those present on the website of Sherington Parish Council. In addition, I met with the Clerk in person on both 03/07/26 and 24/07/26 to view hard copies of certain records and run through the audit process.

My audit has been conducted in accordance with Part 2, Regulation 5 of the Accounts and Audit Regulations as set out in the Local Audit and Accountability Act 2014 (amended) and the Auditing Standards issued by the accountancy bodies and will have regard to relevant Auditing Guidelines.

The scope of this internal audit is focused on assessing the effectiveness of the Council's internal controls and was outlined in my original Letter of Engagement. Where any such controls are found to be deficient, the internal audit will help lead to improvement in those processes.

By applying the principles of internal auditing, outlined in the current Accounts and Audit Regulations and applying the approach to internal audit testing outlined above, every effort is made to ensure that all internal audits are conducted with due professional care, integrity and independence. All conclusions derived from this audit are based upon objective and traceable evidence.

Please note it would be incorrect to view an internal audit as the detailed inspection of all records and transactions of the Council to detect error or fraud. It is the periodic independent review of a Council’s internal controls resulting in an assurance report designed to improve effectiveness and efficiency of the activities and operating procedures under the Council's control. Managing the Council's internal controls should be a day-to-day function of the both the Office and Councillors and not left for internal audit. (Source: Governance and Accountability for Smaller Councils - A Practitioners’ Guide 2025 - Section 4.

In accordance with guidelines contained in the 2025 Practitioners' Guide (SAPPP) paragraphs 4.6-4.12, I can confirm that I am independent of the Parish Council and its members, as well as being CiCLA qualified and undertaken PIALC training; I have circa 13 years' experience in a Clerk/RFO role.

I have reviewed all the Council's minutes for the year, to determine whether any issues exist that may have either a legal or financial impact on the Council and its future financial stability, also considering whether any actions have been taken or are proposed that might result in ultra vires action or expense.

INTERNAL CONTROL OBJECTIVES

A: Appropriate accounting records have been properly kept throughout the financial year.

1. The new Clerk, Lisa Fern, was appointed as RFO on 6 Jul 25 **however, due to the changeover of Clerks, the formal meeting Agenda and Minutes cannot be found and therefore the position was not officially confirmed.**
2. The Council uses Scribe as their accounting system, based on receipts and payments.
3. The Council does not have General Power of Competence (GoPC).
4. Spending powers have not been recorded within the minutes. **It is recommended** that this practice takes place to ensure that the Council is operating within its powers to do so. Spending powers can be recorded within the Scribe accounting system. **Practitioners Guide 2025 (5.71-5.73).**
5. Schedule of payments is presented at each meeting and approved.
6. All minutes are initialled and signed, sample tested. **It is recommended that** the Council purchases a fireproof case for the originals, which I understand the Clerk is about to action.
7. The Council has two bank accounts: Metro Business Bank Account with a balance of £9,937.79 at 31/03/26 and a Metro Business Instant Access Deposit Account with a balance of £15,892.25 at 31/03/26.
8. There is currently no debit/credit/charge card in place, the outgoing and current Clerk claim back any expenses. Both Officers and Members should not be expected to use their own private card for payment as this is not within the Councils' Financial Regulations. **It is recommended that the Council look at getting a card where a limit can be imposed and agree that the Clerk has the authority to spend up to that limit on a single signatory. All spending to be listed and ratified and the following full council meeting.**
9. The year end Bank Reconciliation should be corrected to account for an anomaly of £16.80 in the Deposit account, interest received not recorded.
10. The Council does record the bank balances each month in their finance report, which is signed off by the Chair.

B: This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.

1. Standing Orders were reviewed and adopted at a meeting of the Council on 19 May 25, minute 12-9.6.
2. Financial Regulations were reviewed and adopted at a meeting of the Council on 19 May 25, minute 12-9.6.
3. A sample of transaction checks were carried out and the results were as follows:

a. 09/04/25 (Scribe item 4) item relating to the previous Clerks expenses; both the minute and approval of payment were not found therefore; I was not able to confirm if this had been processed correctly.
b. 09/04/25 (Scribe item 8) donation to CAB; both minute approval and finance report were not found therefore, I was not able to confirm that this was processed correctly.
c. 19/09/25 (Scribe item 101) Expenses-Cllr VC; whilst it was confirmed in minutes 09/09/25 under project updates that the leaflets had gone out, no evidence was provided on when the Council approved this expense therefore, I was not able to confirm that this was processed correctly.
d. 05/11/25 (Scribe item 129) Grass cutting contract; the Council took on devolved services from Milton Keynes City Council and only sort two quotes before agreeing to the cheaper quote by Dragon Fern. **I refer the Council to their Financial Regulations 5.9, where is states that three quotes should have been obtained.**
e. 10/12/25 (Scribe 136) Staff Expenses; this transaction should not be recorded as staff expenses as it is being paid to an external party and not a member of staff. Whilst this item relating to a water heater replacement was mentioned in the Clerk report under minutes 09/12/25, item 10, there is no evidence of Council approving or ratifying this cost.
f. 10/12/25 (Scribe 145) Staff Expenses; Clerk provided evidence of training carried out.

4. Online Payments (Financial Regulations 7.1); approval by two signatories as per Financial Regulations 7.1. The council has appointed the Chair, Vice and Clerk as signatories to be able to make payments with dual signatory approval.
5. Bank mandate, 06/08/25, minute 1; a meeting was called to allow Council to cast their votes on permission changes however, **I note** that the Council did not minute that they "resolved" or "agreed" to the changes.
6. VAT, recorded correctly in the Scribe accounting system.
7. VAT Claim**; I note** that the 2024/25 VAT126 claim of £5385.84 does not match what was actually received as £6020.98. **It is recommended that the Clerk looks into the additional £635.98 received.**
8. Payments; were supported by invoices and correctly entered into the Scribe accounting system.

C: This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

1. Risk Assessment; whilst the Council has recorded on 19/05/25 under minute 12-9.6 to adopt policies and standing orders for 2025/26 and the risk assessment document on the website is dated May 25, **there is not specific agenda item where the Council review their annual Risk Assessment.**
2. Annual Asset Risk Assessment: I note that there does not appear to be any evidence of an annual risk assessment on all assets. To satisfy your insurers, in the event of a liability claim brought against the Council, **it is highly recommended** that a physical risk assessment is carried out each year and clearly documented.
3. Business Continuity: I note that in the councils recently updated financial regulation in May 25, item 2.7 has been removed from the NALC model. Whilst this is a point that Council can agree to remove, **it is recommended** that the Council reviews this as it is a key point in relation to business continuity.

2.7.1.1 Regular back-up copies shall be made of the records on any council computer and stored either online or in a separate location from the computer. The council shall put measures in place to ensure that the ability to access any council computer is not lost if an employee leaves or is incapacitated for any reason.

4. Insurance Policy: I note that the Council is insured with Zurich and the policy was reviewed and agreed at a meeting on 12/05/25, minute 12-9.4. **It is recommended** that the policy is reviewed in detail as the insured items do not match the Asset Register and some items look to be over inflated.
5. Public Liability; cover of £10 MIO in place.
6. Employee Liability; cover of £10 MIO in place.
7. Fidelity Cover: £25K in place.
8. Internal Audit (Accounts and Audit Regulations 2015); under the Practitioners Guide 2025 (4.6 – 4.12), the Council did not confirm the appointment of an internal auditor within the financial year ending 31/03/26.
9. Internal Audit Report 2024/25 (Practitioners Guide 2025-4.26); the council **did not** minute their review and actions planned from the outcomes of the auditors' report. Clerk could not produce the evidence of the internal auditors detailed report therefore; I was not able to note any issues raised.
10. External Audit Report 2024/25; the Council **did not** minute the receipt of the External Auditors report.

D: The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

1. 2025/26 Budget of £79,030 was presented and discussed by Council at a meeting on 17/12/24, minute 8.3. Whilst the budget was attached to the minutes, it is good practice to include the actual figure within the minutes.
2. 2025/26 Precept of £39,030 was agreed at a meeting on 17/12/24, minute 8.3. Whilst the budget was attached to the minutes, it is good practice to include the actual figure within the minutes. The public record shows £39,000; the Clerk could not produce evidence of why the precept request was £30 short of what was agreed.
3. Budget Monitoring: the Clerk confirmed that she does not currently produce any budget monitoring reports for Council. **It is recommended that the Clerk presents a 'Committed Spend' report to Council every month or at least every quarter.**
4. Reserves Policy: not in place; **it is recommended that the Council does have a reserves policy in place in line with Practitioners Guide 2025 (5.33-5.39).**
5. The Council does not have any short or long-term investments.
6. The year end Bank Reconciliation figures do not match the year end bank account statements. It looks like there is an interest figure of £16.80 missing from the Metro Deposit account.
7. Note, that on this occasion I have marked 'yes' on my AGAR-Internal Audit report however, my recommendations should be considered and implemented where necessary.

E: Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.

1. The precept received 15/04/25 £19,500 and 15/09/25 £19,500 matched the amount requested by the Council £39,000.
2. The precept received matched the public record of precepted amounts.
3. VAT: VAT126 claim form 2024/25 on Scribe is £5,385.84 however, amount received on 24/04/25 was £2,301.81. **It is recommended that the Council review the history of their VAT claims and it looks like they have not been consistently claimed.**
4. Hall hire: the Council manages hall and pitch hire via a spreadsheet and calendar. **As this is a very manual process, it is recommended that the Council looks at the Scribe booking system or ANother.**

F: Cash payments were properly supported by receipts; all cash expenditure was approved and VAT appropriately accounted for

Not applicable as the Council do not hold petty cash.

G: Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.

1. The council had two part-time employees in 2025/26 financial year: the Clerk/RFO and the Caretaker.
2. Both employees have a contract of employment based on Green Book.
3. Payroll is outsourced to Prepared Payroll Solutions.
4. Evidence provided to show that Tax & NI was paid.
5. The Clerk could not produce evidence of the Council being registered with The Pensions Regulator. **The Council has a legal duty to register with The Pensions Regulator, even if their staff do not earn enough to pay into a pension scheme.**
6. The Chair and Councillors do not draw an allowance.
7. The Clerk currently does not claim the "working from home allowance". I have advised the Clerk to review the new updated legislation, starting 1 Apr 26, relating to this.
8. Mileage reimbursements, I have advised the Clerk to review the latest update in legislation starting 1 Apr 26.
9. As the Clerk works from home; to satisfy Health & Safety requirements, **it is recommended** that a Display Screen Equipment (DSE) workstation checklist, which can be obtained from the Health & Safety Executive website, be put in place and signed off in the Clerks annual appraisal.
10. There does not appear to be any evidence of the Council carrying out the outgoing Clerks annual appraisal. **It is recommended** that this is put in place as it is a contractual obligation.

H: Asset and investment registers were complete and accurate and properly maintained.

1. The 2025/26 Asset Register was not reviewed in this financial year. The current register does not have adequate information and is not up to date or accurate. **The external auditor highlighted this in last year's report, it is recommended that the Council does a full audit and review of their asset register and include details of any assets that have been disposed of. Refer to Practitioners Guide 2025 (5.57-5.69).**
2. The Council does not have any long or short-term loans.

I: Periodic bank account reconciliations were properly carried out during the year (Financial Regulations 2.4).

The Council did not comply with their Financial Regulations 2.4.

J: Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments), agreed to the cashbook, supported by an adequate audit trail from underlying records.

1. The Clerk has been advised to review last years figures relating to the Metro deposit account as there is an anomaly of £16.80 which needs to be corrected to ensure 2025/26 figures match the year end bank statement 31/03/26.
2. The agreed precept is correct in box 2.
3. Total other receipts in box 3 should be updated once point 1 above has been corrected.

4. Staff costs in box 4 to be reviewed as these include some councillor expenses and some HMRC amounts have been incorrectly coded to staff expenses rather than staff costs.
5. The council does not have any loan interest/capital payments.
6. Total other payments in box 6, to be reviewed once the staff costs and councillor expenses have been corrected in box 4.
7. The balance carried forward for 2026/27 in box 7 should match the total of both bank account statements at 31/03/26.
8. The asset register value for 2024/25 should be restated as per the External Audit report. The Clerk has been advised to also review and update the Asset Register for 2025/26 as there as some values relating to a grant and s106 funding which are incorrect.

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").***

The Council did not certify itself as exempt as it exceeded the threshold criteria.

L: The authority published the required information on a website / web page, up to date at the time of the internal audit in accordance with the relevant legislation.

1. Expenditure over £100 (recommended best practice), the Council publishes their list of payments each month.
2. AGAR (required to publish 6-years), website needs updating.
3. Budget/Precept (recommended best practice); published.
4. List of councillors and contact details (recommended best practice); published.
5. Councillor responsibilities (recommended best practice); published.
6. Governance Policy documents (Standing Orders, Financial Regulations, Code of Conduct; published.
7. Asset Register (recommended best practice); published.
8. Register of Interest and gifts (recommended best practice); **not published.**
9. Grants given and received (recommended best practice); **not published**.
10. Meeting Agendas and minutes; published.
11. Website Accessibility Statement (required) (The Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018); **not published**.
12. IT Policy (required); **not published**.

M: In the year covered by this AGAR, the authority correctly provided for a period of 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).***

2024/25 Notice of Public Rights and publication of unaudited Annual Governance & Accountability Return (AGAR) was not minuted as agreed in a meeting, however, the Council did post the notice on their website, allowing 30 working days review and including the first 10 working days in July (03/06/25 to 14/07/25), with announcement date of 09/04/25.

N: The authority has complied with the publication requirements for 2024/25 AGAR ***(see AGAR Page 1 Guidance Notes)*****.** (Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website/webpage before 1 July 2026).

1. Notice of the period for exercise of public rights; Yes.
2. Section 1-Annual Governance Statement approved and signed; Yes.
3. Section 2-Accounting Statements approved and signed; Yes.
4. Internal Auditor Report. Yes.
5. Section 3-External Auditor Report and Certificate; Yes.
6. Notice of conclusion of audit by 30 Sep 25; No. **Council to ensure that future documents are displayed on their website.**

O: The authority has complied with laws, regulations & proper practices relating to digital and data compliance.

1. The Council manages their IT in-house and has not yet adopted an IT Policy. **Under the Practitioners Guide 2025, Assertion 10, it is a requirement for the Council to adopt an IT Policy (5.121).**
2. Staff are supplied with Council owned laptops and Councillors use their own personal devices.
3. The Council has not adopted an Accessibility Statement, which is a requirement **Practitioners Guide 2025 (5.123)**.
4. I tested the Council's website for accessibility in line with compliance of WCAG2.2AA standards. The Council can access the report using the WAVE tool; the test came back with a Score of 5.7/10. There are some Accessibility issues, which will need to be looked at.
5. Training and development for both councillors and staff, it is recommended that the Council implements a policy and keeps a record of all training carried out.
6. The Council has their own domain name: sherington-pc.gov.uk and the Council has a dedicated contact address: clerk@sherington-pc.gov.uk. Councillors are issued with Council email addresses.
7. The Council adopted the NALC Data Protection policy in May 25 however, this was not specifically listed within the minutes dated 19/05/25, item 12-9.6. **For clarity and transparency, it is recommended that the Council does list the specific policies adopted.**
8. The Council does not have a Document Retention and Disposal Policy, which is a requirement.
9. **It is recommended** that the Council maps all their personal data streams.
10. Freedom of Information and Publication Scheme; **Under the Practitioners Guide 2025 (5.125), Assertion 10, it is a requirement for the Council to adopt this.**

P: (For local councils only) Trust Funds (including charitable) – The council met its responsibilities as a trustee.
The Council is not a Trustee or hold any Trust Funds.

FURTHER OBSERVATIONS AND RECOMMENDATIONS

1. CIVILITY AND RESPECT
   It is recommended that the Council signs up to the Civility & Respect Pledge. Refer to the NALC website for further information.

2. POLICIES
   It is recommended that the following governance and HR policies are put in place as a priority:
   - Privacy Policy. This should be displayed on the Council's website.
   - Complaints Policy.

- Biodiversity Policy. (In accordance with the duty imposed on town and parish councils by Section 40 of the Natural Environment and Rural Communities Act 2006, updated by Section 102 of the Environment Act 2021).
- Risk Management Policy.
- Social Media & Communications Policy, if not included in IT Policy.
- Volunteers Policy.
- Disciplinary & Grievance Policy.
- Recruitment & Selection Policy.
- Dignity At Work (Bullying and Harassment) Policy.
- Mobile Phone Policy.
- Expenses Policy.

3. <u>WEBSITE</u>
It is recommended that the Council look at upgrading their website to a more user-friendly platform. There is a lot of information that can only be found via the 'search' function, which is not accessible by the public unless they know what it is that they are looking for.

4. <u>DONATIONS</u>
The Council issues quite a few donations however, they have a Grant Policy in place. **It is recommended that to comply with legislation and ensure fairness and transparency,** the Council should ensure that grant applications are completed and comply with their policy before awarding donations/grants.

It is against the law, under Section 137, for the Council to issue a donation for a prize that will benefit one individual.

5. <u>WARM SPACE EVENTS HELD AT THE PUB</u>
As the Clerk has a financial interest in the pub, this should be declared within the minutes and to ensure transparency, the council should be clear as to why this venue is the only one that can be used.

6. <u>ASSETS</u>
The Clerk could not confirm if the Council has carried out a detailed survey on their Pavilion and Garages. It is recommended that the Council considers this in their next budget planning as this will give a long-term view of a maintenance plan and costs. This will also give the true value for insurance purposes.

7. <u>INSURANCE</u>
Having reviewed the Councils insurance schedule against the asset register, it became apparent that both the asset register and insurance schedule are out of date. Some values on the schedule look to be over inflated and not all assets are included, which means that the Council is potentially under insured.

CONCLUSION:

Having completed a comprehensive examination of Council records made available to me by the Clerk/RFO, I would like to thank Lisa for her cooperation and assistance in facilitating this internal audit. I know it is not easy coming into a new council in the last half of the financial year and having to face an internal audit.

Overall, the Council still has some work to do to get up to speed with governance and legislation. I note and am pleased to see that the Council is committed to ensure that the Clerk is supported with training and development within the sector and there is a dedicated budget for this.

The above observations and recommendations are there to help the Council make further improvements where necessary. In her relatively short time with the Council, Lisa is making good progress and committed to training. It is recommended that Lisa looks at the Introduction of Council Administration (ILCA), which will give an initial basic overview.

This report should be submitted, along with the AGAR-Internal Audit Report 2025/26, to the full council for review and consideration, prior to completing the Annual Governance Statements.

It has been a pleasure getting to know and understand the makeup of Sherington Parish Council. I hope that this report is of help to the Council, if you would like any further assistance or clarification, please do not hesitate to contact me.

Vicky Mote

Internal Auditor

cc Cllr Michael Nokes (Chair)
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