

Public Sector Audit

Middleton on the Wolds Parish Council

Internal Audit Report for the year ended 31 March 2026

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Introduction

Part 2, paragraph 5 (1) of the Accounts and Audit Regulations 2015 imposes a duty on Local Councils to “undertake an effective Internal Audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

Internal audit is a key component of the system of internal control. The purpose of internal audit is to review whether the systems of financial and other controls over a council's activities and operating procedures are effective.

At the request of the council I have conducted an Internal Audit review of the council's accounting records in respect of the financial year ended 31st March 2026. I have acted independently and, on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in place during the financial year.

The audit has been carried out in accordance with the council's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions and recommendations have been recorded in the table below.

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Prioritisation of recommendations

In accordance with good internal audit reporting practice and the Governance and Accountability for Local Councils Practitioners Guide, the recommendations contained in this report have been prioritised. The following 'traffic light' system for the prioritisation of recommendations has been adopted: Page | 3

- Significant weakness in internal control requiring urgent attention.
- Moderate weakness in internal control requiring attention within the current year.
- Minor weakness in internal control, or matters of good practice the council may wish to consider, to be addressed within the current year.

Distribution List

Chairman of the Council

All Members of the Council

Clerk to the Council

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The findings of the audit are summarised below

	Test	Findings and Recommendations
1	Have appropriate books of account been properly maintained throughout the year?	<p><u>Appropriate accounting records</u></p> <p>Findings The council's accounting records are maintained on a computerised system by Scribe which provides all the information required for the Statutory Annual Governance and Accountability Return (AGAR).</p> <p>It is sufficiently well analysed to provide all the information required for the completion of the Annual Governance and Accountability Return (AGAR).</p> <p>The accounting system ensures that it is arithmetically correct and monthly bank reconciliations confirm that the accounting system and the Barclays Current and Savings Accounts are in agreement.</p>
2	Have the council's Financial Regulations and Standing Orders been formally adopted and complied with?	<p><u>Adherence to Financial Regulations and Standing Orders</u></p> <p>Findings The council reviewed and adopted its Standing Orders and Financial Regulations at the council meeting held on the 9th May 2025.</p> <p>Both Standing Orders and Financial Regulations presented to audit, reflect the latest 2025 NALC Models.</p>
3	Are payment controls effective and VAT properly accounted for? Has the council recorded s137 expenditure separately and is it within the statutory limit?	<p><u>Adequate payment controls</u></p> <p>Findings I have reviewed a large sample of payments in the cash book to ensure that there is a fully approved and authorised invoice and VAT has been correctly recorded and reclaimed.</p> <p>Any VAT incurred has been correctly identified in the cash book for reclaim from HMRC.</p>

		<p>I have also reviewed the invoices for completeness, accuracy, appropriate year of account and compliance with Financial Regulations. Invoices have been initialled by a Council Member and, for the sample checked, have been reported to council for approval.</p> <p>It is noted that quotations were sought for repairs to the play equipment following the detailed inspection.</p> <ul style="list-style-type: none"> ➤ The Clerk has confirmed that no quotations were received in respect of grass cutting and garden maintenance for areas within the village. ➤ The Clerk is aware that the contract for grass cutting and garden maintenance is for 2024 and requires re-drafting and re-letting. <p>S.137 expenditure is separately identified in the council's accounts. The total payments analysed to s.137 during the year total is £5,229.65. £4,296.85 of this, however, relates to the repayment of monies held by the council on behalf of the Green Group. This should not be analysed as a s.137 payment. This issue was raised with the Clerk during the audit and the payment has been removed from s.137. The remaining balance of £932.80 is appropriate expenditure for s.137 and this total is well within the annual statutory limit for this statutory power.</p> <p>No cheques were issued during the year.</p>
4	<p>Has the council assessed the significant risks in delivering its activities and services and regularly reviewed the adequacy of these assessments?</p> <p>Is insurance cover appropriate and adequate?</p>	<p><u>Assessment of significant risks</u></p> <p>Findings</p> <p>The council maintains a General Risk Assessment covering Assets, finance, council liabilities, contractors, Councillor propriety and password security. A Play Area and Equipment Risk Assessment is also maintained. The assessments identify the risks and the control measures in place to mitigate the risks.</p> <ul style="list-style-type: none"> ➤ They were reviewed and approved by the council at the meeting held on the 9th May 2025.

	<p>Are financial controls documented and regularly reviewed?</p>	<p>The council also contracts with Play Safety, an independent RoSPA accredited play inspection company, that undertakes annual inspections of the play areas.</p> <p>A council Member also undertakes monthly inspections of the play area and equipment. The inspection sheets for February, March, April and May 2026 have been forwarded to audit for review and verification.</p> <p>I have reviewed the council's insurance policy and confirm that the indemnity limits are adequate.</p> <p>I have reviewed the council's arrangements for the backup of its electronic data. The Clerk confirmed that data is backed automatically to cloud using Microsoft One Drive. The Clerk has also confirmed that the laptop is password protected.</p>
5	<p>Has the annual precept requirement resulted from an adequate budgetary process?</p> <p>Has progress against budget been regularly monitored and reported and were reserves appropriate?</p>	<p><u>Adequate budgetary process</u></p> <p>Findings</p> <p>The council prepared a detailed budget in the correct format in support of its Precept.</p> <p>Detailed budget monitoring reports have been submitted to council monthly for review and approval.</p> <ul style="list-style-type: none"> ➤ They identify receipts and payments during the year compared to the budgeted figures and the balances remaining for the year. <p>The year-end balance at 31/03/26 was £20,958. The council does not hold earmarked reserves for future liabilities or projects. The whole of the year-end balance, therefore, is a general council reserve. This represents a general balance which is 75% of the 2026/27 Precept which is considered to be adequate for a council the size of Middleton on the Wolds Parish Council.</p>

6	<p>Was all expected income fully received in accordance with the current scale of charges, properly accounted for and promptly banked?</p> <p>Were security controls over cash and cash equivalents effective?</p>	<p><u>Adequate income controls</u></p> <p>Findings Apart from the Precept the council received a refund of VAT in respect of 2024/25, allotments, pit rents, wayleaves, cemetery, refunds, the Village Events Committee, advertising, grants from ERYC, donations, Recreational Club and Bowls Club water usage, sundry and bank interest.</p> <p>I have agreed a sample of income received to the supporting documentation provided to audit.</p> <p>It is noted that the scales of charges for the pits and allotments were reviewed and approved from the 1st April 2026. Cemetery charges were again approved from the 1st May 2026.</p>
7	<p>Were petty cash payments appropriate and supported by receipts?</p> <p>Was all expenditure approved and reported to members?</p> <p>Has VAT been correctly accounted for?</p>	<p><u>Appropriate petty cash controls</u></p> <p>Findings The council does not maintain a petty cash system.</p> <p>Any sundry expenditure incurred is reimbursed as part of the normal payment process.</p> <p>Any VAT incurred has been correctly identified in the cash book for reclaim from HMRC.</p>
8	<p>Do all employees have contracts of employment with clear terms and conditions?</p> <p>Are salaries to employees and all other payments and allowances paid in accordance with council approvals?</p>	<p><u>Adequate payroll controls</u></p> <p>Findings The Clerk has a formal Contract of Employment which contains clear terms and conditions.</p> <p>I have agreed all monthly gross pay calculations for the Clerk to the Contract of Employment, the 2025/26 NJC pay scales, including back pay from the 1st April 2025, and authorised changes to terms and conditions of the contract.</p>

	Has PAYE and NI been correctly deducted and paid to HMRC?	<p>Allowances paid are reasonable and in accordance with the Contract of Employment</p> <p>The Clerk is subject to PAYE and NI regulations and, for the sample checked, statutory deductions have been correctly paid to HMRC.</p>
9	Is the Asset and Investment Register complete and accurate and reviewed on a regular basis?	<p><u>Appropriate recording of assets</u></p> <p>Findings</p> <p>The council maintains an Asset Register within the Scribe accounting system software.</p> <ul style="list-style-type: none"> ➤ It correctly identifies assets that have been disposed of, as required by the External Auditor. <p>Assets purchased during the year have been added to the register using the correct method of valuation.</p> <p>The council does not hold any investments.</p> <p>The Asset Register was reviewed and approved at the council meeting held on the 9th May 2025.</p>
10	<p>Were bank reconciliations performed on a regular and timely basis?</p> <p>Has a year-end reconciliation been performed and balanced?</p> <p>Have all bank reconciliations been reviewed by an appointed member and evidenced as such?</p>	<p><u>Adequate bank reconciliations</u></p> <p>Findings</p> <p>Monthly bank reconciliations (except for August 2025) were prepared and presented to each council meeting during the year. They correctly include the council's Current Account and Savings Account. They do not contain any unusual or balancing figures.</p> <p>The year end bank reconciliation presented to audit identifies a balance at 31/03/26 of £20,957.59. Per the Scribe Annual Return, however, the y/e balance is £20,993.59, a difference of £36.00.</p> <p>With the exception of some reconciliations they have been signed as authorised by a Council Member, together with the relevant monthly bank statements which have also been signed to confirm agreement with</p>

		<p>the reconciliations. This is considered to best practice and forms an important part of the council's internal financial control environment.</p> <p>Recommendations</p> <ul style="list-style-type: none"> ● Following the adjustments to the accounting system as a result of issues identified at audit, the year-end bank reconciliation statement must be amended and reprinted prior to submission to the external auditor. The guidance note to box 8 on the year-end Accounting Statement identifies that the total value of cash and short-term investments as at the 31st March 2026 must agree to the bank reconciliation. ● All month-end balances on the respective bank statements should be signed by the Council Member authorising the bank reconciliations to confirm that they have been checked and agreed to the reconciliations.
11	<p>Were Accounting statements 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, were debtors and creditors properly recorded?</p> <p>Has the previous Internal Audit Report been submitted to council and actioned as necessary?</p>	<p><u>Correct accounting basis and previous Internal Audit Report actioned</u></p> <p>Findings</p> <p>The External Auditor has recently confirmed to another council that, following the annual appointment of the council's Internal Auditor, a formal letter of appointment should be issued to the appointed auditor (reference para. 4.13 of the 2025 Practitioners' Guide).</p> <p>The year-end Accounting Statements have been prepared on the correct accounting basis (Receipts and Payments) and, therefore, debtors and creditors have not been included.</p> <p>The total value of the Asset Register as at the 31st March 2026 agrees to the declaration in box 9 on the Accounting Statement on the AGAR.</p> <p>At the time of the audit, the total of all payments for the year, per the Scribe transaction list, did not agree with year-end bank reconciliation statement. Following the audit, as a result of issues raised, the transaction list was amended and now agrees with the year-end reconciliation.</p>

		<p>The Internal Audit Report in respect of 2024/25 was presented to the council on the 7th July 2025 and the Clerk confirmed that she would create a plan to address the recommendations.</p> <p>Recommendations</p> <ul style="list-style-type: none"> ● The council should, following the annual appointment of its Internal Auditor, issue a formal letter of appointment to the appointed auditor. ● The Clerk should ensure that the accounting transaction reports presented to audit agree to the year-end bank reconciliation statement.
12	If the council certified itself as exempt from an External Audit Limited Assurance Review last year, has it met the exemption criteria and correctly declared itself exempt?	<p><u>Exemption Certificate</u></p> <p>Findings</p> <p>The council, correctly, did not complete an Exemption Certificate under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015.</p>
13	Did the council correctly provide, during the summer, the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations 2015?	<p><u>Exercise of Public Rights</u></p> <p>Findings</p> <p>I have confirmed by a review of the council's website that, during the summer of 2025, the council correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the 2015 Accounts and Audit Regulations.</p>
14	Did the council comply with the publication requirements for the previous year's AGAR?	<p><u>Publication Requirements</u></p> <p>Findings</p> <p>I have reviewed the council's website and confirmed that the council published the correct documents as required by the Accounts and Audit Regulations 2015.</p>

15	Has the council complied with laws, regulations & proper practices relating to digital and data compliance?	<p><u>Digital and Data Compliance</u></p> <p>Findings</p> <p>The council's website address is compliant with Government requirements , but the council's email address is not. It should be .gov.uk, .org.uk or another council owned suffix.</p> <p>The council's website must meet the Web Content Accessibility Guidelines 2.2 AA.</p> <ul style="list-style-type: none"> ➤ The council's website states that it is partially compliant with the Web Content Accessibility Guidelines version 2.1 AA standard, due to some non-compliances as "listed below". <p>It has an Accessibility Statement.</p> <p>The council has an IT Policy.</p> <ul style="list-style-type: none"> ➤ It applies to all individuals who use the council's IT resources, including computers, networks, software, devices and data resources including access to .gov.uk email and any associated digital storage. <p>The council has a Data Protection Policy recognising its obligations under Data Protection law.</p> <p>Recommendations</p> <ul style="list-style-type: none"> ● The council should change its official email address to .gov.uk, .org.uk or another council owned suffix. ● The council should work towards meeting the Web Content Accessibility Guidelines 2.2 AA in accordance with Government requirements.
16	Has the council met its responsibilities as a Trustee?	<p><u>Trustee responsibilities</u></p> <p>Findings</p> <p>I have seen no evidence that the council has sole responsibility for Trust Funds and the Clerk has confirmed that this is the case.</p>

Executive Summary

The audit of the accounts and governance arrangements of the council has identified issues in respect of cash book maintenance, and digital and data compliance. The Clerk is aware of these and has confirmed that they will be addressed during the current financial year.

The consideration and adoption of the report's recommendations will serve to further enhance and strengthen the systems, procedures and governance arrangements already in place.

The "traffic light" system for the prioritisation of recommendations identifies the urgency at which the recommendations should be addressed.

The Internal Audit has been conducted in accordance with the Governance and Accountability for Local Councils – Practitioners Guide 2025.

I confirm that I have no relationship or interest, financial or otherwise, with any member or officer of the council.

Richard Dixon

Public Sector Audit

30th May 2026

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