John P Watson & Co

Fingringhoe Parish Council

Internal Audit Report 2025-26

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Essex, SS2 4UZ

Introduction

Legislation introduced from 1st April 2001, requires all Town and Parish Councils to implement an independent internal audit examination of their accounts and accounting processes annually. The following report complies with these requirements.

This report sets out the work undertaken in relation to the 2025-26 financial year, during the course of the audit, which was concluded on 27th April 2026.

As detailed in the Joint Panel on Accountability and Governance Practioners' Guide, it is not the purpose of either the Internal or External Audit to detect or prevent fraud.

As Internal Auditor for the Council, I confirm that I am not involved in the management of the financial controls or procedures of the Council.

Internal Audit Approach

The basis of the review is that regard should be given to the materiality of transactions and their susceptibility to potential misrecording or misrepresentation in the year-end Statement of Accounts/AGAR. The programme of cover has been designed to afford appropriate assurance that the Council's financial systems remain robust and operate in a manner to ensure effective control 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 assist the completion of the 'Internal Audit Report' as part of the Council's AGAR process, which requires independent assurance over several internal control objectives.

Overall Conclusion

The excellent quality of the records maintained by the Clerk/RFO is acknowledged and she is thanked for her assistance during this internal audit of the 2025-26 financial year, which has ensured the smooth progress of the work undertaken.

The 'Annual Internal Audit Report' in the year's AGAR has been signed and dated having concluded that, in all significant respects, the Internal Control Objectives set out in that report were being achieved throughout the financial year to a standard more than adequate to meet the needs of the Council.

1 Accounting Records & Bank Reconciliations

a) **Objective**
To ensure that the accounting records are being maintained accurately and currently and that no incorrect or inexplicable entries appear in cashbooks or financial ledgers.

b) **Detail**
   i. There are two bank accounts in operation with Unity Bank being a current account and a deposit account.
   ii. The Council maintains their accounting records by way of a detailed Excel spreadsheet which is more than adequate for a Council of this size.
   iii. The opening cashbook balance for 2025-26 has been reconciled to the 2024-25 closing Statement of Accounts and the certified AGAR detail.
   iv. VAT is identified separately in the spreadsheet.
   v. All transactions in the cashbooks of the two Unity Bank Accounts have been checked for the year. It is noted that there were three small errors in the cash book. These have been brought to the attention of the Clerk and rectified.
   vi. Bank Reconciliations were prepared on a regular basis. These have been checked and were complete and accurate.
   vii. All accounts remained "in balance" at the end of the period under review.
   viii. It is noted that the computers holding the Council records are backed up to a USB Stick and the Cloud on a regular basis.

c) **Conclusion**
   i. There are no matters to be commented on in this area of the Report.
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2 Corporate Governance

a) Objective
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, bearing in mind we do not attend Council or Committee meetings, no actions of a potentially unlawful nature have been or are being considered for implementation.

b) Detail
   i. The Council Minutes have been reviewed for the year to date by reference to the Council's website, to identify whether any issues arise that may have an adverse effect on the Council's future financial stability, either in the short, medium or longer term.
   ii. It is noted that Standing Orders and Financial Regulations were approved by Council at their meeting on 6th May 2025 (minute 062/25 refers).

iii. The Council has not adopted the General Power of Competence. It is pointed out that, this being the case, the donation in respect of the ferry should have been minuted as a Section 137 payment.
iv. The 2025/2026 precept was agreed in the amount of £14,500 at the Council meeting held on 4th November 2025 (minute 139/25) refers).
v. The Council provided for the proper opportunity for the exercise of public rights in respect of 2024/2025.
vi. It is noted that the Council have the requisite number of AGAR Reports on their website.

c) Conclusion

i. There are no matters to be commented on in this area of the Report.

3 Expenditure

a) Objective

To ensure that the Council follows good practice when making payments.

b) Detail

i. All payments for the year to 31st March 2026 were checked with no issues arising.
ii. All payments were supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due.
iii. All payments were approved by Council members as required with all payments being recorded in the minutes.
iv. All discounts due on goods and services were taken where appropriate.
v. VAT has been appropriately identified for periodic recovery.
vi. It is understood that no VAT repayment claim has neem made in the year under review.
vii. It is noted that the Council does not hold a Debit or Credit Card.
viii. It is noted that the Clerk/RFO inputs online banking transactions and that these transactions are then authorised by two Councillors.

c) Conclusion

i. There are no matters to be commented on in this area of the Report.

4 Risk

a) Objective

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.

b) Detail

i. It is noted that Council reviewed their Risk Assessment at the Council meeting held on 6th May 2025 (minute 062/25 refers).
ii. It is further noted that Council reviewed their Play Area Risk Assessment at their meeting on 2nd December 2025 (minute 161/25 refers)
iii. Council's insurance is with Clear Local Councils underwritten by Ecclesiastical Insurance for the year to 5th April 2026. Employers Liability cover is at £10m, Public Liability cover is at £5m and Fidelity Guarantee is set at £250k.
iv. It is noted that the Council's Playground is inspected by a Councillor on a regular basis and that written reports are produced in respect of these inspections. Additionally, quarterly inspections of the Playground are carried out by Colchester Borough Council through The Play inspection Company. Council are reminded that it is recommended that these reports are retained for 21 years.

c) Conclusion

i. There are no matters to be commented on in this area of the Report.

5 Precept Determination

a) Objective

To ensure that the Council has the appropriate procedure in place for identifying and approving its future budgetary requirements and level of precept to be drawn down from the District Council.

b) Detail

i. Council discussed and agreed the detailed 2026/2027 budget at their meeting on 4th November 2025 (minute 139/25) refers).
ii. As mentioned previously in this Report, the 2026/2027 precept was agreed in the amount of £14,500 at the Council meeting held on 4th November 2025 (minute 139/25) refers).

c) Conclusion

i. There are no matters to be commented on in this area of the Report.

6 Budget Control

a) Objective

To ensure that Council has an effective reporting and monitoring process is in place and also to ensure that the Council retains appropriate funds in general and earmarked reserves to finance its ongoing spending plans, whilst retaining appropriate sums to cover any unplanned expenditure that might arise.

b) Detail

i. Council are regularly provided with monthly budget reports.

ii. It is noted that Total Reserves as at 31st March 20265 are £27,709 of which £25,000 are Earmarked Reserves. The balance of General Reserves at £2,709 equates to between one and two months average revenue expenditure which is below the generally accepted guidelines of between three and six months average revenue expenditure.
iii. The year-end budget outturn has been reviewed for any significant unexplained variances with none in evidence.

c) Conclusion

i. There are no matters to be commented on in this area of the Report.

7 Income

a) Objective

To ensure that Council has appropriate procedures in place to ensure that all income due is identified, invoiced (if necessary), recovered and banked in a timely manner.

b) Detail

i. The sources of income available to the Council are the precept, VAT repayments, bank interest and occasional grants and donations.
ii. All income has been verified by reference to the cash book with no issues arising.

c) Conclusion

i. There are no matters to be commented on in this area of the Report.

8 Petty Cash

a) Objective

To ensure that the Council follows good practice when making cash payments.

b) Detail

The Parish Council does not hold Petty Cash.

c) Conclusion

There are no matters to be commented on in this area of the Report.

9 Salaries

a) Objectives

To confirm that current Employment Law is being appropriately observed together with the requirements of HM Revenue and Customs (HMRC) legislation as regards the deduction and payment over of income tax and NI contributions, together with meeting the requirements of the revised local government pension scheme, to which employees contribute.

b) Detail.

i. Council has reviewed and approved pay scales for the clerk/RFO at their meeting on 16th September 2025 (minute 111/25) refers.
ii. The payroll is processed by the Clerk/RFO using PAYE Tools.
iii. The payslips for the Clerk/RFO have been checked for the months of May and December 2025 with no issues arising.
iv. All required payments have been made to HMRC in respect of PAYE/NI deductions.

c) Conclusion

i. There are no matters to be commented on in this area of the Report.

10 Asset Register

a) Objective

To ensure that the Council develops and maintains a register of assets identifying detail of all land, buildings, vehicles, furniture and equipment owned by the Council as required by the Governance and Accountability Manual.

b) Detail

i. The Council maintains a detailed formal Asset Register which has been prepared using purchase cost uplifted or decreased to reflect the acquisition or disposal of any assets (where applicable) during the financial year.
ii. It is understood that, currently, a photographic record of the Council's Assets is retained.
iii. The Asset Register was approved by Council at their meeting on 6th May 2025 (minute 063/24 refers)

c) Conclusion

i. There are no matters to be commented on in this area of the Report.

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11 Investments and Loans

a) Objective

To ensure that the Council is "investing" surplus funds, be they held temporarily or on a longer term basis in appropriate banking and investment accounts; that an appropriate investment policy is in place; that the Council is obtaining the best rate of return on any such investments made; that interest earned is brought to account correctly and appropriately in the accounting records and that any loan repayments due to or payable by the Council are transacted in accordance with appropriate loan agreements.

b) Detail

i. Council holds no long-term investments, an interest bearing account being held at the Unity Bank.

ii. It was previously understood that the Clerk/RFO has prepared a draft Investment Policy. Although there is no legal requirement for the Council to adopt an Investment Policy (bank funds being less than £100,000) it is still considered good practice to adopt such a policy.
iii. Council does not have any loans with external bodies repayable by or to it.

c) Conclusion

i. There are no matters to be commented on in this area of the Report.

12 Digital and Data Compliance

a) Objective

To ensure that the Council are complying with the new digital and data requirements including official Council owned (.gov.uk) domain names for email, website accessibility (WCAG 2.2 AA) and formal data protection and IT practice policies are in place.

b) Detail

i. It is noted that Council are using dedicated Council owned domain names.
ii. It is further noted that Council meet Website Control Accessibility requirements meeting WCAG 2.2 AA standards.
iii. It is noted that the Council are registered with the Information Commissioner.
iv. Council have detailed IT and Data Management Policies in place.

c) Conclusion

i. There are no matters to be commented on is this area of the report.

13 Statement of Account and AGAR

a) Objective

To ensure Council meets the requirements of the 1996 Accounts and Audit Regulations in that they must prepare annually a detailed Statement of Accounts, together with supporting statements identifying other aspects of the Council's financial affairs.

b) Detail

i. The Council's income for the year being below £25,000, the Council is only required to complete a Certificate of Exemption – AGAR 2025/26 Form 2.
ii. The accuracy of detail contained in the above documentation has been verified.
iii. The report has been checked against prime documentation, and it is confirmed that the Council's accounting reports accurately records the 2025-26 financial year's transactions.

iv. Council are reminded that AGAR Returns should be retained on their website for five years.

c) Conclusion

i. There are no matters arising in this area of our review warranting formal comment or recommendation and, on the basis of the work undertaken during the course of the review for the year, the Internal Audit Certificate in the Annual Return has been completed and signed assigning positive assurances in all areas.

27th April 2026