REPORT FOR

HALSTEAD PARISH COUNCIL

INTERNAL AUDIT REPORT FOR 2025-26

Auditor: Maureen Gibbins

I reviewed the documents provided and met with the Clerk, Pip Nott on 14th May. The Clerk was extremely helpful and cooperative and provided explanations where required.

BASIS OF REPORT

This internal audit report is based upon the Practitioners Guide (Joint Panel on Accountability and Governance) Governance and Accountability for Smaller Authorities in England 2023 publication.

The scope of this internal audit is focused on assessing the effectiveness of the Council's internal controls and was outlined in the 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.

Please note: it would be incorrect to view internal audit as the detailed inspection of all records and transactions of the Council in order 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 staff and Councillors and not left for internal audit. (Source: Governance and Accountability for Smaller Councils - A Practitioners' Guide 2023 – Section 4).

Annual Return Section	Process	Findings
A	Bookkeeping Arrangements	Appropriate books of accounts have been maintained throughout the year with a sound audit trail.
B	Council's Financial Regulations have been met with regard to expenditure.	Payments were supported by invoices, and expenditure was approved. VAT has been appropriately accounted for and two reclaims have been submitted to HMRC and funds received.
C	Review of Internal Controls	I noted the review of the Risk Assessment was undertaken in February 2026 and the Council has assessed the significant risks to achieving its objectives. I noted that the Fidelity Guarantee cover was increased from £250,000 to £500,000 at the insurance renewal.
D	Budgetary Controls (Precept requirement)	The annual Precept request resulted from an adequate budgetary process.
D	Budgetary Controls (Budget monitoring)	Progress against the budget was monitored and minuted regularly.
D	The final Outturn is in line with expectations	The final outturn was materially in line with expectations.
D	Reserves	The Council has adequate reserves.
E	Income controls	Income was fully received and properly recorded.
F	Petty cash controls	Petty cash is not operated by the Council.
G	Payroll controls	Salaries to employees were paid in accordance with Council approvals. Payroll is administered by PGA Payroll Services Ltd.
H	Asset Controls - all material assets correctly recorded	The current asset register has correctly recorded all material Assets. The correct basis of valuation has been applied. The Asset Register should be on the Council's website.
H	Asset Controls - all additions correctly recorded	There were additions to the asset register in the year and these have been properly recorded.
I	Bank Reconciliations	Monthly and year-end reconciliations were properly carried out.
J	Accounting Statements	The Accounting Statements prepared during the year were prepared on the correct accounting basis and were supported by an adequate audit trail.

Annual Return Section	Process	Findings
K	Limited Assurance Review Exemption	The Council does not meet the exemption criteria.
L	Information published on website	Information is available on the website.
M	Exercise of Public Rights	The Parish Council published the exercise of public rights notice on the website.
N	AGAR publication Requirements	The Parish Council complied with the publication requirements for the 2025/26 AGAR. Signatures on the documents should be redacted prior to being uploaded to the website.
O	Trust funds (If applicable) – the Council met its responsibilities as a trustee	The Parish Council does not operate as a trustee.

Recommendations: Following the completion of the Internal Audit, the Council should ensure that the Standing Orders and Financial Regulations are reviewed and adopted annually and preferably at the Annual Statutory meeting.

The Code of Conduct needs to be adopted and this minuted.

The Investment Strategy requires updating to recognise the FSC protection has increased to £120k.

It was noted that only 1 authorisation is required for payments to be actioned from the bank account. It would be preferable for there to be at least 2 to authorise in addition to the Clerk setting up the payment.

I understand that the 4 NatWest bank accounts are due to be closed.

The Councillor's Declarations of Interest should be completed and published on the Parish Council's website.

All email communication MUST be via the Councillor's .gov email address and NOT via any personal email address.   If the Council were to receive a Freedom of Information request it would be in order for all personal emails to be checked if Councillors were to use their personal email address for any Council business.

At present the Council does not comply with Assertion 10 which covers Councillor email addresses being either .org.uk or .gov.uk and being used. The website is compliant and the Council has a relevant IT policy.

The Clerk needs to be in possession of the Arnold Baker Local Council Administration (the Yellow Book) for reference and compliance with legislation.

It was noted that the agenda for the APM and the Annual Statutory meeting was publicised on the website as a joint meeting. This is not advised as the APM is not a Council meeting whereas there are legal processes which are required to be followed for the Statutory meeting.

Conclusion

I believe that the Clerk has done her utmost to get everything in order for the internal audit bearing in mind she has only been in the role for 3 months.

I believe that the Council has good arrangements in place to satisfy itself that its systems of internal financial control are transparent and effective. There are approval and authorisation controls to minimise risk although these require updating as noted above. The audit and management trail for financial transactions is good.

This report should be noted and taken to the next meeting of the Council for minuting to inform them of the Internal Audit work carried out.

I hope that this report is of help to the Council. If you would like any further assistance or clarification, please do contact me.

Maureen Gibbins
Internal Auditor