

## **Report to Spixworth Parish Council**

### **The Internal Audit for the year ending 31 March 2026**

#### **1. Introduction and Summary.**

1.1 The Internal Audit work undertaken confirmed that during the 2025/26 year the Council maintained effective governance arrangements including a robust framework of internal control and risk management. The Internal Audit review, undertaken on the documentation provided to the Internal Auditor and on the information published on the Council's website, has confirmed that the Council maintains efficient systems of financial administration and internal financial control.

1.2 By examination of the 2025/26 accounts and supporting documentation it was confirmed that the Clerk, in the role as the Council's Responsible Financial Officer (RFO), satisfactorily undertook the administration of the Council's financial affairs and produced satisfactory financial management information to enable the Council to make well-informed decisions.

1.3 The Accounts for the year confirm the following:

*Total Income for the year: £201,621.34 (Boxes 2 & 3 below)*  
*Total Expenditure in the year: £341,249.39 (Boxes 4 & 6 below)*  
*Total Reserves at year-end: £522,099.90 (includes £419,850.87 CIL Restricted Reserve)*

1.4 The Annual Governance and Accountability Return (AGAR) to the External Auditors was examined and the following figures agreed with the Clerk/RFO for inclusion in Section 2 Accounting Statements 2025/26 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2025):</i>	<i>Box 1: £661,728</i>
<i>Annual Precept 2025/26:</i>	<i>Box 2: £111,000</i>
<i>Total Other Receipts:</i>	<i>Box 3: £90,621</i>
<i>Staff Costs:</i>	<i>Box 4: £64,607</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £276,642 * Note 1</i>
<i>Balances carried forward (31 March 2026):</i>	<i>Box 7: £522,100</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £522,100</i>
<i>Total fixed assets:</i>	<i>Box 9: £565,512</i>
<i>Total borrowings:</i>	<i>Box 10: £0</i>

*\* Note 1: Rounded up to ensure that Box 7 = Boxes (1 + 2 + 3) less (4 + 5 + 6) as required in Notes to Accounting Statement (Box 7)*

1.5 Sections One and Two of the AGAR are due to be approved and signed at a forthcoming meeting of the Council. The Internal Auditor has completed the Annual Internal Audit Report 2025/26 within the AGAR.

1.6 The following Internal Audit work was carried out on the adequacy of systems of internal control in accordance with the Audit Plan. The Council complies with the Guidance for Governance and Accountability for Smaller Authorities in England which includes instruction and guidance on the Council's Accounting and Internal Audit procedures. This End-of-Year

Internal Audit has been conducted under those principles. Comments and Recommendations arising from the Internal Audit Review are made below.

**2. Governance, Standing Orders, Financial Regulations and other Regulatory matters (examination of Standing Orders, Financial Regulations, Code of Conduct, Formal Policies and Procedures, Tenders where relevant. Acting within the legal framework, including Data Protection legislation).**

2.1 In 2025/26 the Annual Parish Council meeting took place on 13 May 2025. The first item of formal business was the Election of a Chair in accordance with the requirements of the Local Government Act 1972.

2.2 **Standing Orders** are in place and were reviewed and adopted by the Council on 13 May 2025. The Standing Orders are based on the Model Standing Orders published by the National Association of Local Councils (NALC). A copy has been published on the Council's website.

2.3 **Financial Regulations** are also in place. They were reviewed and adopted by the Council on 13 May 2025. The Regulations are also based upon the model documents published by NALC. The Internal Auditor provided the Clerk/RFO with a copy of the Latest NALC model Financial Regulations.

2.4 The **Minutes of the Council meetings** are well presented and provide evidence of the decisions taken by the Council in the year. The Clerk/RFO confirmed that each page of the Minutes is consecutively numbered and signed/initialled by the Chair of the meeting at which the Minutes are approved to ensure that a legal and authentic record is maintained. The Minutes of Council meetings are being published on the Council's website.

2.5 The Council has a **Responsible Financial Officer (RFO)**, Carolyn Lake being the Parish Clerk/RFO in post during the 2025/26.

2.6 The Spixworth Strategic Plan document was reviewed by the Council at the meeting held on 2 September 2025. It was noted that the Council needed to construct a plan for community and facilities.

2.7 The Council demonstrates good practice by receiving a Monthly Action Plan and updating the Plan as required at each meeting of the Council.

2.8 At its meeting on 13 May 2025 the Council agreed to re-adopt the Code of Conduct for Councillors for purposes of discharging its duty to promote and maintain high standards of conduct within its area. The Code has been published on the Council's website. The Code in place is now out of date and the Local Government Association, supported by NALC, has published an up-to-date Code of Conduct, a copy of which has been provided to the Clerk/RFO.

2.9 The **General Power of Competence (GPoC)** is currently not being applied by the Council. As a consequence, the Council is required to identify and approve any payments made under Section 137 of the Local Government Act 1972 (LGA 1972). There is a limit on the expenditure that can be made under that provision and accordingly the total sums expended should be specifically approved by the Council and recorded in the Minutes of Council meetings. As there is no other available legislative basis for the Council to make a

VE Day Donation, the payment should be separately listed in the Accounts as a payment made under Section 137 of the LGA 1972.

2.10 The Council is registered with the **Information Commissioner's Office (ICO)** as a Fee Payer/Data Controller for the provision of council services under Data Protection legislation (Registration Z8932413, expiring 2 February 2027). To assist in compliance with the General Data Protection Regulations (GDPR) the Council has in place a Retention and Disposal Policy.

2.11 A new **Assertion 10 is included in the Annual Governance Statement (AGS)** within the 2025/26 AGAR. To fully comply with Assertion 10 a local council must:

a) Use a council-owned domain (The Council has registered under an official .gov.uk domain name of spixworthparishcouncil.gov.uk).

b) Operate at least one generic email account on the council owned domain (The Clerk/RFO maintains such an email account).

c) Ensure the website is accessible to Web Content Accessibility Guidelines (WCAG) 2.2 AA standards (see item 2.12 below).

d) Adopt a formal IT Policy covering data protection and device usage (The Council has an IT Policy in place, the Council having approved the Policy at the meeting on 3 February 2026).

e) Comply with the UK General Data Protection Regulations (UK GDPR) and the Data Protection Act 2018 and process personal data lawfully, fairly, and in line with UK GDPR principles (this requirement is being met).

2.12 The Council has published a Website Accessibility Statement which details what has been done to ensure that as many people as possible are able to use the website, any areas of the website that may not be fully accessible, or where there would be a disproportionate burden to secure full accessibility, with contact details to report accessibility problems. However, whilst the Council is committed to making its website accessible, it is only partially conformant with WCAG 2.1 level AA and not complaint with WCAG 2.2 level AA, the latter being a requirement under Assertion 10. A link to the Council's accessibility statement is as follows:

*<https://www.spixworthparishcouncil.gov.uk/website-accessibility-statement>*

**Recommendation 1: As the Website Accessibility of the Council's website is not complaint with WCAG 2.2 AA standards the Council will be unable to confirm compliance at Assertion 10 in the Annual Governance Statement 2025/26 and the Council now needs to prepare a plan of action to work towards compliance.**

2.13 The Internal Auditor examined the significant contract agreed by the Council on 2 December 2025, when a quotation of £18,573.56 for a 2-year contract received from SSE Energy Solutions was considered. The supply relates to power for Spixworth Streetlights. The Clerk/RFO advised Council that there had been a change in unmetered supplies for streetlight power and that most energy companies would not price unmetered supplies. The Council accepted the quotation for a 2-year contract. The Council's current contract ends in August 2026.

### **3. Accounting Procedures and Proper Book-keeping (*examination of entries in the Cashbook, regular reconciliations, supporting vouchers, invoices and receipts and VAT accounting*).**

3.1 The Council uses the Scribe Accounting System for its accounting purposes and end-of-year returns. Scribe is a cloud-based operating system, accessed by personal log-in and password, and can be accessed through any internet platform and connection.

3.2 The Transactions Lists (Payments and Receipts) within Scribe are well referenced and provide a good audit trail to the Bank Statements and the financial information prepared by the Clerk/RFO.

3.3 VAT payments are tracked and separately identified within the Cashbook to assist in re-claims made to HMRC for VAT paid. The re-claim of £41,014.60 for the period 1 March 2025 to 31 January 2026 is recorded as submitted to HMRC on 5 February 2026 and received at bank on 10 February 2026.

3.4 The Scribe accounting system provides clear and comprehensive reports, for both internal use by Officers and for presentation to Councillors. As the system administrator the Clerk/RFO controls and is responsible for the operation of the core elements of the Scribe accounting package.

3.5 A Community Infrastructure Levy (CIL) Annual Report for 2025/26 has been prepared by the Clerk/RFO and confirms the £527,272.14 balance carried over from the previous year with £0 CIL income in the year. The total amount of £107,421.27 was spent in the year on the Maisie's Meadow Landscape Project. CIL funds retained as at the year-end were accordingly £419,850.87 and are displayed in the Accounts as a Restricted Reserve as at 31 March 2026. The CIL Annual Report for 2025/26 has to be published on the Council's website and submitted to the District Council no later than 31 December 2026.

3.6 A Statement of Analysis of Variances (explaining significant differences in receipts and payments between the years 2024/25 and 2025/26) has been created within the Scribe accounting system and notes have been added by the Clerk/RFO explain the significant differences. A copy of the Statement has to be submitted to the External Auditor and published on the Council's website.

**4. Bank Reconciliation (*Regularly completed and cash books reconcile with bank statements*).**

4.1 Completed Bank Reconciliations are presented to Council Meetings, noted and signed by the Chair in confirmation of the correct reconciliation.

4.2 The Council's End-of-Year Accounts have been reconciled to the Council's Bank Statements. For ease of reference, the Council's Bank Reconciliation as at 31 March 2026 and entries in Box 7 and Box 8 of the AGAR can be displayed as follows:

	£
<i>Account Balance at 1 April 2025 (b/f): Box 1 2025/26 AGAR:</i>	661,727.95
<i>Add Income in the year 2025/26 (Boxes 2 and 3 of AGAR):</i>	201,621.34
<i>Deduct Expenditure in the year 2025/26 (Boxes 4 and 6 of AGAR):</i>	341,249.39
<b><i>Account Balance at 31 March 2026 (c/f): Box 7 2025/26 AGAR:</i></b>	<b>522,099.90</b>

***The Bank Statements as at 31 March 2026 displayed:***

	£
<i>Barclays Current Account:</i>	51,853.52
<i>Barclays Business Premium A/C:</i>	50,938.92
<i>Broadland DC Investment Deposit</i>	419,307.46
<b><i>Bank Balance at 31 March 2026: Box 8 2026/26 AGAR:</i></b>	<b>522,099.90</b>

**6. Budgetary controls (*Verification of the budgetary process with reference to Council Minutes and supporting documents*).**

Precept 2025/26: £111,000.15 agreed by Council, 3 December 2024 (Minute 7 refers).

Precept 2026/27: £125,840 agreed by Council, 2 December 2025 (Minute 10.3 refers).

6.1 At the meeting on 3 December 2024, the Council considered the Budget and Precept for 2025/26. The Council noted that the Precept had not been increased for the last 7 years and it was agreed to set the amount at £111,000 to cover rising costs.

6.2 A Draft Budget for 2026/27 was considered by the Council at its meeting on 2 December 2026 and a Precept of £125,840 for the year was agreed (Band D Property Equivalent £89.37, an increase of 10% from the previous year).

6.3 The Precept decisions and amounts have been clearly Minuted. The Clerk/RFO ensure that the Council is being made aware of its responsibilities and commitments and the need for forward planning and adequate reserves.

6.4 The Council has effective budgetary control mechanisms in place. The detailed Budget documents act as the basis on which the Council can undertake effective financial control and budgetary control scrutiny during the year. The Internal Auditor confirmed that at its meeting on 7 October 2025 the Council reviewed the Quarterly budget figures covering July 2025 to September 2025. The Clerk/RFO circulated the draft 2026/27 Budget at the meeting on 11 November 2025 prior to formal approval in December 2025.

6.6 A high standard of budgetary control management is being maintained. Councillors received regular reports of the income and expenditure in the year compared against the budget headings and were in a position to clearly identify any significant variations from the budget and take any remedial action as necessary.

6.7 The Overall Reserves available to the Council as at 31 March 2026 stood at £522,099.90 which the Clerk/RFO confirmed as:

CIL Restricted Reserve:	£419,850.87
Earmarked Reserves:	£24,000.00
General Reserves:	£78,249.03

6.8 The General Reserves of £78,249.03 were 62% or 7.5 months equivalent of the 2026/27 Precept and in accordance with the generally accepted best practice, which is that non-earmarked revenue reserves should usually be at least between three and twelve months of Net Revenue Expenditure/Precept (the SAPPP Practitioners' Guide, Item 5.34 refers).

6.9 As at 31 March 2026 the Council maintained sufficient Overall Reserves and Contingency sums to meet, within reason, any unforeseen items of expense.

**7. Internal Financial Controls, Payments Controls and Audit Procedures (*Confirmation that the Council has satisfactory internal financial controls in place for making payments with adequate documentation to support/evidence payments made. Any previous audit recommendations implemented*).**

7.1 The Council received and approved adequate financial information and data during the 2025/26 year of account. The Clerk/RFO ensures that Councillors are provided with adequate financial information and advice to enable them to make informed decisions.

7.2 The Clerk/RFO confirmed the arrangements in place. The Clerk/RFO presents a list of outstanding payments at each Council meeting, invoices are signed by two Councillors and agreed by Full Council. The online payments are then processed the following day.

7.3 The Internal Audit Report for the previous year (2024/25) was completed by Sonya Blythe and was received and noted by the Council at its meeting on 13 May 2025.

7.4 The Internal Auditor for the 2025/26 year was appointed by the Council at its meeting on 2 September 2025.

**8. Payroll Controls (*PAYE and NIC in place; compliant with HMRC procedures; records relating to contracts of employment*).**

8.1 Payroll details were provided to the Internal Auditor for the three members of staff, the Clerk/RFO, the Administration Officer and the Parish Caretaker. The Clerk/RFO confirmed that a signed copy of each staff member's Contract of Employment is securely retained.

8.2 The Clerk/RFO provided confirmation of the staff salary, agreed salary scales and the agreed hours of work in place for staff for the month of March 2026. The salary data (net salary, amounts due to HMRC and pension contributions payable) are included in the Payments List prepared for the Council's approval. Electronic payments to HMRC and the Pensions provider are made in accordance with the approved procedure for accounts payable.

8.3 At the meeting on 11 November 2025 the Council discussed the outstanding debt owed to the Parish Council by the Village Hall for administration work carried out by the Administration Officer, an employee of the Parish Council, It had originally been agreed that the Parish Council would invoice the Village Hall for the administration work performed. The Village Hall is currently running at a loss and is unable to afford the monthly salary for this work; without this work being carried out the Hall would have to close. It was agreed that the Parish Council would carry out administration for the village hall as a gift in kind.

8.4 At the meeting on 2 December 2025 the Council agreed to the Administration Officer's annual increment as set out in the Officer's contract and terms and conditions relating to a national agreement on salaries and conditions of service.

**9. Petty Cash (*Associated books and established system in place*).**

9.1 No Petty Cash is held; an expenses system is in place with on-line payments being made for expenses incurred in the year.

**10. Income Controls (*regarding sums received from Precept, Grants, Loans and other income including credit control mechanisms*).**

10.1 Receipts are reported to the Council as a matter of routine.

10.2 Receipts of £201,621.34 was recorded in the 2025/26 Accounts. The significant items included the Precept (£111,000), VAT Refund from HMRC (£41,014.60), Refund Credits from SSE Energy (£25,177.71) and Interest Received from BDC Deposit Account (£16,352.38)

10.3 At its meeting on 2 September 2025 the Council reviewed the allotment fees for October 2025 and agreed to increase the fee to £55 per annum; all plot holders will be required to sign a new agreement.

**11. Internal Control and the Management of Risk (Review by the Council of the effectiveness of internal controls, including risk assessment, and Minuted accordingly).**

11.1 At its meeting on 13 May 2025 the Council reviewed and agreed the Internal Control Statement and the Risk Assessment Policy (Minutes 15.2 and 15.3 refer). The Risk Assessment document for 2025/26 is itemised under the headings of Regulatory, Financial, Assets, Office, Employees and Contractors/Visitors and reviews the particular risks under the headings of Impact, Likelihood and Actions taken to minimise the identified risks.

11.2 The Council also reviewed and agreed the effectiveness of the system of the Internal Audit (Minute 15.4 refers).

11.3 The Council accordingly complied with the Accounts and Audit Regulations 2015 which require a review by the Full Council at least once a year of the effectiveness of the Council's system of internal control, including the arrangements for management of risk, with the review suitably Minuted.

11.4 It is good practice for a Council to appoint a Councillor Internal Examiner to periodically undertake checks of internal control arrangements from an agreed checklist and report the findings to Council. The reviews can normally be undertaken Quarterly to assist good governance and confirm the satisfactory operation of internal controls in place. A model checklist was provided to the Clerk/RFO for possible use.

**Recommendation 2: The Council should consider nominating a Councillor to undertake Quarterly Reviews of key elements of internal control arrangements and to report to Council on any action required on matters arising. The reviews can assist and inform the Council in its completion each year of the Annual Governance Report (Section 1 of the AGAR) .**

11.5 Insurance was in place for the year of account. The current cover commenced on 1 June 2025 and expires on 31 May 2026 under a Long-Term Agreement active until 1 June 2027. Payment of £3,116.81 for the premium involved was made on 15 May 2025 to Zurich Municipal Insurance. The Public Liability cover is £15mand the Employers Liability stands at £10m.

11.6 The Fidelity Guarantee (Employee/Councillor Fraud and Dishonesty) cover stands at £100,000 which is significantly less than the current recommended guidelines which provide that the cover should reflect the maximum amount of cash/invested resources held by the Council at any one time (normally the end of year balances plus half the precept being received). In the Council's case this amounts to year-end cash/investment balances of £522,100 as at 31 March 2026 plus 50% of the Precept of £125,840 (£62,920) totalling £585,020.

**Recommendation 3: The Council should consider increasing the insurance cover for Fidelity Guarantee (Employee/Councillor Fraud and Dishonesty) in order to meet the current recommended guidelines which provide that the cover should reflect the maximum amount of bank/cash and invested resources held by the Council at any one time**

11.7 An important area of risk management within local councils concerns the adequate maintenance and inspection of play equipment. At the meeting on 1 July 2025 the

Clerk/RFO circulated a hard copy of the Parish Clerk Report which listed safety inspection report findings following on from the ROSPA standard play area inspection carried out in June 2025.

**12. Assets Controls (*Inspection of asset register and checks on existence of assets; recording of fixed asset valuations; cross checking on insurance cover*).**

12.1 A detailed Asset Register is in place and is being maintained separately from the Scribe accounting system by means of a stand-alone spreadsheet.

12.2 The Register displays assets under the headings of Community, Infrastructure and Equipment and details the Date purchased, the Description of the Asset with Purchase Price and Insured Value.

12.3 The Council reviewed and agreed the Assets Policy at the meeting on 13 May 2025.

12.4 As at 31 March 2026 the Asset Register displays a total value of £565,512, unchanged from the value as at the end of the previous year, 31 March 2025.

12.5 The Asset Register includes a column that lists the insurance cover for each relevant asset and identifies, for insurance valuation purposes, any asset that is low in value or not at risk.

12.6 The Register complies with current requirements which provide that each asset should be recorded on a consistent basis, year-on-year. The value of assets as at 31 March 2026 is recorded in Box 9 in Section 2 of the Annual Return (AGAR) 2025/26.

**13. External Audit (*Recommendations put forward/comments made following the annual review*).**

13.1 The External Audit Report and End-of-Year Certificate from the External Auditors, PKF Littlejohn LLP, for the year 2024/25 was dated 15 August 2025. The Report raised no matters of concern but comments were made regarding (a) the exercise of electors' rights in accordance with the Accounts and Audit Regulations and (b) the Internal Auditor in the year had not provided a conclusion on the control objective relating to Charity Accounts.

13.2 The External Audit Report was received and noted by the Council at its meeting on 2 September 2025.

**14. Publication Requirements.**

14.1 Under the Accounts and Audit Regulations 2015 authorities must publish each year the following information on a publicly accessible website (no later than 1 July):

*Notice of the period for the exercise of Public Rights*  
*AGAR - Sections 1 and 2.*

14.2 The Internal Auditor was able to confirm that the documents had been published and were easily accessible on the Council's website:

<https://www.spixworthparishcouncil.gov.uk/documents>

14.3 The Council noted the dates for the period of Exercise of Public Rights (23 June 2025 to 5 August 2025) at its meeting on 17 June 2025.

14.4 The items listed below are to be published following completion of the External Audit (and no later than 30 September each year):

*Notice of Conclusion of Audit*

*AGAR - Section 3*

*AGAR - Sections 1 and 2 (including any amendments as a result of the Limited Assurance Review).*

14.5 The Internal Auditor was able to confirm that the documents had been published and were easily accessible on the Council's website:

<https://www.spixworthparishcouncil.gov.uk/documents>

14.6 The Council is meeting the publication requirements of the Local Government Transparency Code 2015, which provides that larger local councils which have gross annual income or expenditure (whichever is the higher) exceeding £200,000 must publish details of each individual item of expenditure that exceeds £500.

## **15. Additional Comments.**

15.1 I would like to record my appreciation to the Clerk/RFO for her assistance during the audit.

*Trevor Brown*

**Trevor Brown, CPFA**

**Internal Auditor**

**1 May 2026**