INTERNAL AUDIT REPORT

Pinvin Parish Council

Internal Audit Report for the Financial Year Ended 31 March 2026

Introduction

An internal audit of the accounting records and internal control systems of Pinvin Parish Council was carried out in accordance with the requirements of the Annual Governance and Accountability Return (AGAR) and the guidance contained within the Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide.

The audit was conducted using a sample testing approach and was designed to provide assurance that the Council's systems of financial control are operating effectively and that statutory requirements are being met.

The audit included examination of:

- accounting records
- bank reconciliations
- payments and receipts
- payroll controls
- VAT accounting
- budgetary control
- risk management
- asset management
- transparency obligations

This report summarises the findings arising from the internal audit work undertaken for the 2025/26 financial year.

AGAR INTERNAL CONTROL OBJECTIVES

A. Appropriate Accounting Records

The Council maintains accounting records which are up to date and supported by adequate documentation.

Findings

A review of the cashbook, ledger records, and supporting documentation confirmed that:

- receipts and payments were correctly recorded
- entries were supported by invoices, emails and/or receipts
- the accounting system was regularly updated
- year-end balances agreed to the AGAR accounting statements

Sample testing confirmed arithmetic accuracy.

Recommendation

No recommendation made.

Assurance Opinion: Compliant

B. Financial Regulations and Payment Controls

The Council has appropriate financial regulations in place and payments are properly approved.

Findings

Financial Regulations are in place and these were reviewed by the Council at a meeting on 28th August 2025. A sample of payments tested confirmed:

- The majority of payments were approved by Council
- BACS schedules were recorded in the minutes
- VAT was separately identified

However, it was noted that one payment schedule included in the working papers was never authorised at a Council meeting. Also, some payments are authorised

retrospectively at Council meetings as they are listed as already being paid. One payment of £37,912.69 was listed in the February 2026 meeting minutes as already paid.

Recommendation

The Council should ensure all payments are formally authorised prior to release in accordance with Financial Regulations. The Council should consider setting up dual authorisation for all electronic banking transactions to strengthen internal controls, reduce the risk of error or fraud, and ensure that payments are independently reviewed and approved before funds are released, particularly as significant sums have been paid in this financial year.

Assurance Opinion: Generally Compliant

C. Risk Management Arrangements

The Council has assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

Findings

The Council maintains:

- an annual risk assessment
- insurance cover appropriate to Council activities

The risk assessment was reviewed and approved during the financial year.

Recommendation

No recommendation.

Assurance Opinion: Compliant

D. Budgetary Control

The precept requirement resulted from an adequate budgetary process, and progress against budget was regularly monitored.

Findings

The Council reviewed a detailed budget prior to setting the precept. This was considered at the meeting on 14th January 2025.

No budget monitoring reports were presented to the parish council during the year.

Recommendation

Budget monitoring reports should be presented to the Parish Council at least quarterly and should include explanations for any significant variances between actual and budgeted income and expenditure, in accordance with the Council's Financial Regulations. This will assist Members in effectively monitoring the Council's financial position and taking timely corrective action where necessary.

Assurance Opinion: Partially Compliant

E. Income Controls

Expected income was fully received, based on correct prices, properly recorded, and promptly banked.

Findings

Testing of income streams including precept, grants, allotment rents, and other income confirmed:

- income was recorded correctly

Recommendation

No recommendation made.

Assurance Opinion: Compliant

F. Petty Cash Procedures

Petty cash payments were properly supported and approved.

Findings

The Council did not operate a petty cash system during the financial year.

Assurance Opinion: Not Applicable

G. Payroll Controls

Salaries to employees and allowances to members were paid in accordance with Council approvals and PAYE/NI requirements were properly applied.

Findings

Payroll testing confirmed:

- salary payments agreed to approved scales
- PAYE and National Insurance deductions were correctly applied

Payroll is administered by the Clerk.

Recommendation

No recommendation made.

Assurance Opinion: Compliant

H. Asset and Investment Registers

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

Findings

The asset register was reviewed and found to be generally accurate. It had been updated with an addition during the year.

It was noted that depreciation had been applied and that on checking the JPAG Practitioners Guide that this was not required.

Recommendation

The Council should consider removing depreciation adjustments from the Asset Register in accordance with JPAG guidance. Asset values should be maintained at

acquisition cost or an appropriate proxy value and only amended for additions, disposals, or material enhancements.

Assurance Opinion: Generally Compliant

I. Bank Reconciliations

Periodic and year-end bank reconciliations were properly carried out.

Findings

Bank reconciliations were prepared regularly throughout the year and were reviewed at every ordinary Council meeting.

The year-end reconciliation agreed to the AGAR accounting statements and bank balances.

Recommendation

No recommendation made.

Assurance Opinion: Compliant

J. Accounting Statements

Accounting statements prepared during the year were prepared on the correct accounting basis and supported by an adequate audit trail.

Findings

The Council correctly applied the receipts and payments basis of accounting.

The AGAR figures were supported by:

- cashbook records
- bank reconciliations
- supporting working papers

Recommendation

No recommendation made.

Assurance Opinion: Compliant

K. Exercise of Public Rights

The Council complied with publication requirements for the previous year AGAR.

Findings

The Notice of Public Rights was correctly published during the statutory inspection period.

Required documents were available on the Council website.

Recommendation

No recommendation made.

Assurance Opinion: Compliant

L. Transparency Code Compliance

The Council met the requirements of the Transparency Code for Smaller Authorities.

Findings

The website contains:

- agendas and minutes
- payment information
- asset information
- councillor responsibilities
- AGAR documentation

Recommendation

No recommendation made.

Assurance Opinion: Compliant

Overall Internal Audit Opinion

Based upon the audit work undertaken, it is my opinion that Pinvin Parish Council has in place generally adequate and effective systems of internal control appropriate to the size and nature of its activities.

A small number of recommendations have been raised to further strengthen governance and administrative procedures. No significant weaknesses were identified that would give cause for concern regarding the Council's financial management arrangements.

Internal Auditor:
Nicola Archer

Date: 4th June 2026