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2025/26 Internal Audit Report for Ardleigh Parish Council

BASIS OF REPORT

This Internal Audit Report is based on the Practitioners' Guide 2025: Governance and Accountability for Smaller Authorities in England.

The scope of this internal audit is focused on assessing the effectiveness of the Council's internal controls, as outlined in the original Letter of Engagement. Where any such controls are found to be deficient, the internal audit aims to support improvement in those processes.

This report should be made available to all Members to support and inform their consideration of the Council's approval of the Annual Governance Statement.

By applying the principles of internal auditing, as set out in the Accounts and Audit Regulations, and following the approach to internal audit testing outlined above, every effort has been made to ensure that the audit has been conducted with due professional care, integrity, and independence. All conclusions are based on objective and traceable evidence.

It is important to note that internal audit should not be viewed as a detailed inspection of all records and transactions to detect error or fraud. Smaller authorities are required under the Accounts and Audit Regulations 2015 to undertake an effective internal audit to evaluate the effectiveness of risk management, control, and governance processes.

Internal audit is therefore a periodic, independent review of a Council's internal controls, resulting in an assurance report designed to improve effectiveness and efficiency. Responsibility for day-to-day internal controls rests with the Council's staff and Members, not the internal auditor.

As Internal Auditor, I confirm that I am independent of the Council's financial management and internal control processes and have no conflicts of interest.

AUDIT REPORT

I reviewed the documentation provided, information published on the Council's website and met with the Clerk and RFO on 13th May 2026.

The Precept for the year 25/26 was set at £97,309.

AUDIT POINT	AUDIT FINDINGS	RECOMMENDATIONS & ACTIONS
A. Appropriate accounting records properly kept throughout the financial year		
Bookkeeping Arrangements	<ul style="list-style-type: none"> • <i>Appropriate accounting records are maintained and kept up to date. The Council operates on a Receipts & Payments basis.</i> • <i>The Council uses spreadsheets as its accounting system and these are being utilised appropriately.</i> • <i>Council minutes are up to date, signed and dated.</i> 	With increases in both the precept and transaction levels, the Council may wish to consider implementing a sector-specific accounting package.
B. Financial Regulations complied with, payments supported by invoices, expenditure approved, VAT appropriately accounted for		
Document reviews, review of internal controls and decision making.	<ul style="list-style-type: none"> • <i>Standing Orders and Financial Regulations were reviewed during the year. The Financial Regulations are based on the relevant model document. These are appropriately published on the Council's website.</i> • <i>No contracts during the year required formal advertisement under procurement legislation.</i> • <i>The Council adheres to its Standing Orders and Financial Regulations in relation to procurement.</i> • <i>A sample of payments was tested and confirmed to be supported by appropriate invoices, with all expenditure properly approved.</i> • <i>Invoices are verified and certified in accordance with Financial Regulations.</i> • <i>Payment authorisation and banking arrangements are appropriate and in line with Financial Regulations.</i> • <i>VAT is correctly accounted for.</i> • <i>Effective controls are in place for processing payments.</i> 	<p>Whilst Standing Orders were reviewed in the year they are not aligned with the latest NALC model document and do not, for example, reflect current procurement legislation. It is recommended that updated model Standing Orders are formally adopted.</p> <p>The recommendation from the 2024/25 Internal Audit of using an appropriate Council credit or debit card system is in hand.</p> <p>The 2023/24 VAT reclaim was received, however the 2024/25 claim has yet to be submitted. It is recommended that VAT is reclaimed promptly and, as a minimum, within three months of the year-end. Timely submission is important to support effective cash flow management, ensure the accuracy of the Council's financial position, and reduce the risk of reclaim documentation becoming more difficult to evidence or verify over time.</p>
C. Risk management & Insurance assessed and reviewed and adequate		
Review of internal controls	<ul style="list-style-type: none"> • <i>The Council undertook a review of risk in the year.</i> • <i>Insurance arrangements were reviewed. Fidelity cover is currently £250,000 and considered appropriate.</i> • <i>Appropriate arrangements are in place for managing operational risk.</i> 	<p>It is recommended that a residual risk column (post-control risk score) is included within the risk register to enhance transparency and ongoing monitoring.</p> <p>Business Interruption cover does not seem relevant to the Council and is worth checking when renewal is due in case it is inflating the Council's insurance premium.</p>

D. Budget, Precept and Reserves have adequate processes, progress monitored and appropriate		
Review of internal controls, monitoring and decision making	<ul style="list-style-type: none"> • <i>An annual budget was prepared and approved prior to setting the precept.</i> • <i>Budget monitoring during 2025/26 was evidenced in the minutes.</i> • <i>The Council reviewed its reserves and holds a suitable level of General Reserves.</i> 	The precept for 2026/27 is £105,975
E. Income fully received, properly recorded, banked and VAT accounted for		
Review of internal controls, banking and VAT accounting	<ul style="list-style-type: none"> • <i>The precept received in 2025/26 agreed to the precept demand.</i> • <i>VAT is not relevant on the income streams reviewed.</i> • <i>All fees are reviewed annually.</i> • <i>Income was received as expected.</i> • <i>Appropriate agreements are in place.</i> 	<p>It is recommended that income received is formally reported to Council as part of routine financial monitoring.</p> <p>Whilst there is now a clearer audit trail in place for cemetery fee income, the administration of cemetery matters continues to be undertaken by a Councillor rather than through the Council's Proper Officer arrangements. The recommendation raised within the 2024/25 Internal Audit report therefore remains applicable.</p> <p>The continued operational involvement of a Councillor in the administration process risks blurring the distinction between governance and administration and may undermine clear lines of accountability and internal control.</p> <p>In addition, burial administration correspondence is currently being conducted through a personal email account. This raises potential data protection and GDPR concerns, particularly regarding data security, retention, subject access compliance, continuity of records, and the Council's ability to demonstrate appropriate organisational control over personal data. It is recommended that all cemetery administration is undertaken through Council-controlled systems and official Council email accounts.</p> <p>It is recommended that evidence supporting the audit trail is retained as part of the Receipts & Payments records.</p>

F. Cash payments supported by receipts, approved and VAT accounted for		
Review of internal controls, decision making and VAT accounting	<i>A Petty cash system is not operated by the Council.</i>	
G. Payroll paid in accordance with approvals and PAYE and NI properly applied		
Review of process, internal controls and decision making	<ul style="list-style-type: none"> • <i>Appropriate contracts of employment are in place.</i> • <i>The Council is registered with HMRC as an employer.</i> • <i>The Council is registered with The Pensions Regulator and staff automatically enrolled for a pension when applicable.</i> • <i>Salaries were paid in accordance with Council approvals and PAYE and NI requirements were properly applied.</i> • <i>Staff appraisals are undertaken.</i> • <i>Councillors receive allowances but these were not claimed in 2025/26</i> • <i>The Chairman's Allowance was paid based on receipts reimbursement.</i> 	
H. Assets, Investments and Loans complete, accurate and properly maintained		
Review of registers, policies and records	<ul style="list-style-type: none"> • <i>The Council holds an asset register which is up to date and assets were inspected internally during the past year for risk.</i> • <i>The Council has adopted an Investment Strategy.</i> 	
I. Bank Reconciliations carried out properly during the year		
Review of internal controls	<i>The Clerk completes regular bank reconciliations but there is no evidence of presentation to Council.</i>	The Council needs to ensure full compliance with Financial Regulation 2.6, including formal review and minutes acknowledgement of bank reconciliations.
J. Accounting Statements prepared on correct basis, agreed to cash book, supported by audit trail		
Review of process	<ul style="list-style-type: none"> • <i>Appropriate accounting procedures are used and can be followed through from working papers to final documents.</i> • <i>End of year accounts were prepared on a Receipts & Payments basis.</i> • <i>Figures were checked to Council's records.</i> 	

K. Limited Assurance Review in 2024/25 - criteria met and correctly declared exempt		
Criteria review	<i>The Council did not meet the criteria for exemption from a Limited Assurance Review.</i>	
L. Website publishes required information, is up to date and in accordance with relevant legislation		
Review of published information on website	<ul style="list-style-type: none"> • <i>Neither the Local Government Transparency Code 2015 nor the Transparency Code for Smaller Authorities applied to the Council in 2025/26.</i> • <i>Three years of minutes & agendas are published to the Council website.</i> • <i>Five years of AGAR information is available on the website.</i> • <i>There are contact details for only four Councillors on the website but those four do have a .gov.uk email address.</i> • <i>An ICO publication scheme is published to the website.</i> 	<p>The ICO's publication scheme guidance expects reports presented to Council meetings to be made routinely available, subject to any lawful exemptions from disclosure. The Council should therefore review whether meeting reports are being published consistently alongside agendas and minutes where appropriate.</p> <p>In due course it will become essential for all Councillors to use .gov.uk email addresses and therefore as the Council does have this system available it is recommended that all remaining Councillors move to this as soon as possible. See 2026/27 AGAR priority recommendation on page 7.</p>
M. Exercise of Public Rights correctly provided for		
Review of 2024/25	<i>In 2024/25, the Council correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.</i>	
N. AGAR publication complied with		
Review of 2024/25	<i>The Parish Council complied with the publication requirements for the 2024/25 AGAR.</i>	
O. Digital and Data Compliancy to the laws, regulations & proper practices		
	<p><i>The Council has not demonstrated full compliance with relevant legal and best practice requirements relating to digital and data compliance:</i></p> <ul style="list-style-type: none"> • <i>The Council has a generic email address on the Council owned domain.</i> • <i>There is no Accessibility Statement on the Council's website</i> • <i>There is no evidence that the website is WCAG 2.2AA compliant</i> • <i>A Data Protection Policy has not been adopted.</i> • <i>There is no IT policy.</i> 	<p>It is recommended that a data audit be completed annually and presented at future internal audits.</p> <p>The Council should take steps to ensure that its website is WCAG 2.2AA compliant supported by a published Accessibility Statement</p> <p>A Data Protection and IT Policy should be adopted.</p> <p>Based on the above, the Council should record a 'No' response to Assertion 10 on the Annual Governance Statement.</p>

P. Trust Funds – The Council met its responsibilities as a trustee		
Review if applicable	<ul style="list-style-type: none"> • <i>The Council is sole trustee for the Recreational Ground and following the interim audit review, the Council is aware of the responsibility to keep trust business separate from the Council.</i> • <i>The Council is acting as sole Trustee for the Village Hall, but the governance position is under review as the Trust document may not have been lodged correctly.</i> • <i>The Council during this audit year has taken steps to meet its responsibilities as Trustee for both facilities pending further information from the Charity Commission.</i> 	<p>Whilst it is acknowledged that separate Trust meetings are taking place and staff fully understand the need to keep Charity transactions completely separate from the Council, lines of separation remain somewhat blurred and staffing capacity may be restricting the Council’s ability to fully comply with governance expectations.</p> <p>A concerted effort should be made to resolve the queries regarding the Village Hall status and Council may wish to consider obtaining an independent legal view.</p>

Transparency Compliant		
PROCESS	FINDINGS	RECOMMENDATIONS & ACTIONS
1. Review of Internal Audit 2024/25 considered and actioned		
Good Practice	<i>The Internal Audit report was reviewed by Council and published to the website. There were matters raised which received attention.</i>	Outstanding recommendations should be addressed.
2. External Audit recommendations 2024/25 considered and actioned		
Good Practice	<i>The Conclusion of Audit report was received for 24/25, reviewed by Council and published on the website. There were no matters requiring attention.</i>	
3. Compliance with Transparency Code		
Good Practice / Legal conformity	<i>The Council does not fall within either Transparency Codes and is not required to publish all elements prescribed under the Codes.</i>	It is good practice to follow the Local Government Transparency Code 2015 as much as possible.

Technical, Governance Observations and Further Recommendations:

2026/27 AGAR Priority recommendation:

Using authority-owned email accounts such as .gov.uk ensures that sensitive information is handled in a controlled environment with appropriate security measures. This aligns with GDPR principles such as data minimisation, integrity and confidentiality. They also provide a clear record of communications, which is essential for transparency and accountability. This helps in maintaining an audit trail and ensures all authority-related communications are accessible for review if needed.

Council already meets the best practice guideline to have a .gov.uk domain, so for all Councillors to move to this email system is a logical step. It will help maintain a consistent and professional image for the Council and will ensure all communications are easily identifiable as coming from the authority. This is increasingly important as cyber scams are on the rise. Having authority-owned email accounts also makes Data Subject Access and Freedom of Information Requests easier to manage with less risk of personal devices being confiscated by the ICO should there be an investigation.

Other Considerations:

A consistent approach when recording decisions of Council in the minutes would aid transparency. For any items to be discussed in confidential session, a formal resolution should be passed. Unless reports are published alongside agendas or minutes, then minutes on some decision items appear vague when Council 'agrees actions' without a formal vote undertaken. When contract resolutions are made, the amount as well as the contractor should be stated. Any decisions made using delegated authority must comply to the Financial Regulations.

The Council has an adequate storage system for both digital and hard copy documentation. It is recommended that the Council adopt a Document Retention Policy.

Conclusion

In view of the gaps that remain to implement previous audit recommendations, the current observations of operational and governance matters identified and the impending change to staff, a staffing review might prove beneficial to Council to ensure sufficient resources are in place for Council to operate in accordance with legislation, best practice and cover all service areas that the Council wish to provide for its residents.

The recommendations included within this report are intended to address the matters identified and to further strengthen existing arrangements.

I would like to thank the Parish Clerk and RFO for the timely provision of documentation and for her assistance which has ensured the smooth delivery of the audit.

This report should be formally noted at the next meeting of the Council, recorded in the minutes and published to the website.

Should you require any further assistance or clarification, please do contact me.

Helen Simmons

Legra Internal Audit Service
Internal Auditor