



26th April 2026

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2025/26 Interim Internal Audit Report for Tydd St Giles 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 documents provided and met with the Parish Clerk on 23rd April 2026.

The Precept for the year 25/26 was set at £25,600.

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 an Income & Expenditure basis.</i> • <i>The Council uses a spreadsheet for their accounting system and this is being utilised appropriately.</i> • <i>Council minutes are up to date and are signed and dated.</i> 	In accordance with legislation, agendas issued to Councillors formally summon them to attend meetings. The version published on the website is appropriately adapted to invite members of the press and public
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 and are based on the relevant model documents applicable at the time. 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 and reclaimed annually.</i> • <i>Overall, effective controls are in place for processing payments.</i> • <i>The debit card limit is reasonable and appropriate security controls are in place.</i> 	

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 during the year, with the risk assessment published alongside the agenda.</i> • <i>The Council is currently seeking a rebuild valuation for the leased Community Centre.</i> • <i>Insurance arrangements were reviewed in advance of renewal. Fidelity cover is currently £50,000.</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>It is also recommended that the level of Fidelity Cover is reviewed to ensure it aligns with best practice guidance.</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 2024/25 was evidenced in the minutes.</i> • <i>The Council reviewed its reserves during the year and plans to do so again in May 2026.</i> 	<p>It is recommended that the approved budget and precept demand are published on the Council's website to improve transparency for residents.</p> <p>The precept for 2026/27 is £26,880</p> <p>It is recommended that Council formally adopts a Reserves Policy.</p>
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 properly accounted for and claims submitted.</i> • <i>All fees are reviewed annually.</i> • <i>Income was received as expected.</i> • <i>Appropriate tenancy agreements are in place.</i> 	
F. Petty Cash 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>An appropriate contract of employment is in place.</i> • <i>The Council is registered with HMRC as an employer.</i> • <i>The Council is registered with the Pension 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>An informal staff appraisal system is in place.</i> • <i>Councillors do not receive allowances.</i> 	
H. Assets, Investments and Loans complete, accurate and properly maintained		
Review of registers, policies and records	<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. Bank Reconciliations carried out properly during the year		
Review of internal controls	<i>The Clerk completes regular bank reconciliations which in accordance with Financial Regulations are presented to and approved by Council.</i>	
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 an Income & Expenditure basis. Creditors and Debtors are identified within the year end accounts.</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"> • Neither the Local Government Transparency Code 2015 nor the Transparency Code for Smaller Authorities applied to the Council in 2025/26. • Three years of minutes & agendas are published to the Council website with agenda reports when applicable. • Five years of AGAR information is available on the website. • There are contact details for all Councillors on the website. • An ICO publication scheme is published to the website. 	
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 complied 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>The Accessibility Statement on the Council's website indicates that it is WCAG 2.2AA compliant</i> • <i>A Data Protection Policy has been adopted and is reviewed annually.</i> • <i>There is an up to date IT policy.</i> 	It is recommended that a data audit be completed annually and presented at future internal audits.
P. Trust Funds – The Council met its responsibilities as a trustee		
Review if applicable	<i>Not applicable</i>	

Transparency Compliant		
PROCESS	FINDINGS	RECOMMENDATIONS & ACTIONS
1. Review of Internal Audit 2024/25 considered and actioned		
Good Practice	<i>The Internal Audit was reviewed by Council. There were matters requiring attention and these were undertaken.</i>	
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 have to strictly adhere to the Transparency Code and publish all elements.</i>	

Technical, Governance Observations and Further Recommendations:

The Council has an adequate storage system for both digital and hard copy documentation. The Council does need to adopt a Document Retention Policy though.

Conclusion

The Council continues to maintain a good standard of internal control. The recommendations included within this report are intended to further strengthen and enhance existing arrangements and do not detract from the positive work already undertaken.

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

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

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

Helen Simmons

Legra Internal Audit Service
Internal Auditor