



Cherhill Parish Council
Internal Audit Report: Financial Year Ending 31st March 2026

Date of Interim Audit: N/A

Date of Year End Inspection: 21st May 2026

Internal Auditor: J P Sheehy



Introduction

Local authorities in England & Wales operate within a legal framework of statutory powers & duties to deliver local public services. Authorities and their officers must pay due regard to the legal power they are exercising when deciding on any action including to spend public money.

The Accounts and Audit Regulations 2015; 5 (1) requires a relevant authority to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. The proper practices for smaller authorities (Town and Parish Councils) are included in the Governance and Accountability for Smaller Authorities, the Practitioners Guide (JPAG), recently renamed as the 'SAPPP' (Smaller Authorities Proper Practices Panel).

Smaller authorities in England & Wales must complete the Annual Governance & Accountability Statement to the public. The Annual Return must be submitted to the external auditor within the statutory timeframe. An Internal audit report should inform an authority's responses to Assertions 2 and 6 in the Annual Governance Statement that forms part of the Annual Governance and Accountability Return (AGAR). This internal audit report should therefore be made available to support and inform members considering the authority's approval of the annual governance statement.

Purpose of the Internal Audit

Assertion 6 requires the Council has "appointed an independent and competent person to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes considering internal auditing guidance for smaller authorities.

Internal auditors must be able to demonstrate independence from the Council's financial decision making. The clerk, RFO or councillors (or close associates such as family members of those individuals) are not considered independent from the council's financial decision making. The authority benefits from a comprehensive programme of annual, independent assurance that proper practices are adhered to and that processes and functions are fit for purpose.

It is not the purpose of the internal audit to provide an opinion on the effectiveness of decisions taken; only to ensure that such decisions have been conducted in a way that is both lawful and in accordance with the Council's own adopted procedures and governance processes.

Similarly, the internal audit is not a fraud control exercise. Systems of internal control are reviewed in accordance with audit guidance and auditors are under a duty to report suspected fraud where reasonable suspicion is aroused, however internal auditors do not actively test for fraud nor seek to identify instances where fraud may have taken place.

Responsibilities

Our responsibilities to you as your internal auditor are set out in our letter of engagement. Managing the authority's day to day functions, finances, accounting procedures and management of authority staff are not the responsibility of internal auditors. All work conducted by us as your auditors has been carried out in accordance with our agreed terms of engagement.



Scope of Audit

The following areas are inspected during the internal audit process:

- Accounting Records
- Payment Controls
- Standing Orders, Financial Regulations & Investment Policy
- VAT records
- Risk management
- Budgetary controls & reserve management
- Income controls & precept setting
- Payroll, allowances & expenses
- Petty cash
- Asset & investment registers
- Bank reconciliations
- Internal control procedures
- Financial risk assessment
- Year End reconciliations & Accounting Statements
- Statutory publication requirements
- Exercise of Public Rights (Previous Financial Year)
- Transparency requirements
- CIL & S106 balances
- Trusts (*excludes independent examination of trust accounts*)
- Annual Governance & Accountability Return for previous financial year.

Additional works may be undertaken according to the annual expenditure and business the council is currently engaged in.

Statutory Guidance

As part of our internal audit, we will assess whether the authority has conformed to the following assertions of the 'AGAR':

1. Financial Management & Preparation of Accounts
2. Internal Control
3. Compliance with laws, regulations & proper practices
4. Exercise of public rights
5. Risk Management
6. Internal Audit
7. Reports from Auditors
8. Significant Events
9. Trust Funds

We will also ensure the Council's accounting statements accord with records provided and all "proper practices" as per guidance covering:

1. Balances Brought Forward
2. Precept
3. Total Other Receipts
4. Staff Costs
5. Loans
6. All Other Payments
7. Balances Carried Forward
8. Total value of cash and short-term investments
9. Total fixed assets plus long term, investments and assets
10. Total borrowings
11. Disclosure notes for trust funds.



Executive Audit Summary

J P Sheehy was appointed as internal auditor to the Council in 2026.

The internal audit was conducted on 21st May 2026 by James P. Sheehy, a CiICA qualified former clerk and auditor with ten years' experience in the parish & town council sector. I wish to extend my thanks to the parish clerk for the assistance extended to me during the audit.

Conclusion of Audit

Based on the work undertaken in this audit, Cherhill Parish Council is maintaining a good level of governance and financial management. Care should be taken to ensure that financial risk assessments are performed at least once in the relevant financial year to which they relate, and that full publication of all relevant documentation is undertaken for the new .gov.uk website, to which it is clear work is continuing to be undertaken.

Suggestions of additional steps the Council may wish to take are highlighted in **blue** whilst formal **recommendations** on which the Council must take action are highlighted, where made, in **orange**.



Signed

A stylized, handwritten signature in black ink, appearing to read 'JP Sheehy'. The signature is fluid and cursive, with a long horizontal stroke at the end.

J P Sheehy
Internal Auditor



Corporate Governance

Assessment of key policies, systems of delegation and the decision-making process.

- Full Council minutes have been examined for lawfulness of decisions. Some minutes have been approved by resolution and signed by the relevant chair.
- **Standing Orders** were adopted and up to date.
- **Financial Regulations** were adopted. *The Council may wish to consider a wholesale review of its financial regulations to ensure they remain fit for purpose.*
- *I was unable to confirm the Council published the 'Certificate of Exemption' for FY 24/25 and/or engaged in the exercise of public rights.*
- *I was unable to confirm the Council published the full AGAR for Financial Year 2024-25.*
- Confirmed review of the previous internal audit report.
- Adhered to the document disclosure requirements of the Transparency Code 2015

Review of Income & Expenditure

- A trial balance was reviewed and agreed including details of general and earmarked reserves.
- Accounts have been prepared on an R&P basis.
- A summary of receipts and payments was verified.
- The end of year bank reconciliation accorded with the R&P list provided.
- A random sample of five invoices were selected and verified as lawful and correctly accounted for expenditure.
- General income and expenditure accorded to the budget. No evidence of unlawful budgetary expenditure was encountered when reviewing a random sample of transactions
- All income and expenditure have been duly recorded with a corresponding budget code
- Income & Expenditure was verified and confirmation that no charitable trust matters were accounted for as part of the council's accounts.
- Of the sample tested, purchasing appeared to conform to the adopted financial regulations.



Statement of Accounts, Record Keeping & Sundry Compliance

- A review of the Council's VAT control account was carried out confirming the council's correct reclamation of VAT and appropriate accounting of VAT for sales and purchases to the correct year end period.
- A financial summary for 2024-25 was provided at the AGM.
- *The Council must ensure that any "confidential" business to be discussed is a duly headed agenda item that specifically explains the item of business without breaching confidentiality. Confidential items must be heard under a correct invocation of the Public Bodies (Admissions to Meetings Act 1960).*
- *Minute numbers typically run across a civic year and should revert to '1' at the start of the civic year.*
- The 2024-25 AGAR was approved at Minute 4564
- *Please ensure that the AGAR section 1 and Section 2 are two separate headed agenda items. The Council should review and resolve that it has met its governance obligations under Section 1 before moving to a separate item to consider the accounting statement at Section 2. There should be two, separate express resolutions for the approval of the AGAR.*
- *When reviewing the financial section of the .gov.uk website, I was met with several connection errors and was unable to verify correct publication of financial documents and statements. Please ensure that upon the conclusion of migrating to the .gov.uk domain that all appropriate historical documents, including the last 5 year's AGAR returns are published.*

Assessment & Management of Risk

- The previous year's internal audit report findings were reviewed by the council.
- The Council's payment of the annual insurance premium was agreed.
- The Council reviewed its risk assessment procedures on 21/09/2026.
- *The Council should ensure it reviews its system of internal control and financial risk assessment during the relevant financial year to which it relates.*

Budgetary Control & Reserves

- A precept figure of £27,898 was received and recorded during FY 2025/26
- Reserves were noted as appropriate to the precept level.
- Regular payments schedules are provided to members for approval.



Salaries, Expenses & Payroll

- A copy of the Parish Council's P30 Employers return was provided with HMRC liabilities correctly accounted for. The parish clerk was paid via PAYE and duly employed by the parish council.
- A random sample of payslips were tested to confirm accuracy and lawfulness.

Assets, Leases & Trusts

- The Council maintains an adequate asset register but should ensure the latest copy is included online.

Investments & Loans

- The Council has no borrowings.

Procurement

- The Council has not engaged in any extensive procurement relevant to the internal audit.