

## **REPORT BY INTERNAL AUDITOR**

### **THE ANNUAL AUDIT 2025/26 AND OTHER MANAGEMENT MATTERS**

#### **CORNSAY PARISH COUNCIL**

#### **BACKGROUND TO REPORT**

Under the provisions of:-

- a) the Accounts and Audit Regulations 2015 Councils, and in accordance with
- b) the guidelines contained within the J.P.A.G. Document "The Governance and Accountability for Smaller Authorities in England - A Practitioners' Guide to Proper Practices to be applied in the preparation of statutory annual accounts and governance statements

Councils, such as Cornsay Parish Council, should arrange for an independent and suitably qualified person to carry out an internal audit who, on the basis of an assessment of risk, should carry out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31st March.

The internal auditor is provided with a detailed check list ("objectives of internal control") in the Annual Governance and Accountability Return (AGAR) 2015 to which he/she is asked to state if they agree (YES), disagree (NO) or state N/A or Not Covered to each entry marked A-P on the checklist included in the return.

Such responses signify conclusions on whether, in all significant respects, each objective was being achieved throughout the financial year to a standard adequate to meet the needs of the Council.

Under the relevant sections of the Audit Commission Acts auditors are required to report any matters which should be given formal consideration by the body or brought to the attention of the public.

#### **CARRYING OUT THE AUDIT**

I discussed the audit with the Clerk by email and by Zoom between on between 18<sup>th</sup> May and 8<sup>th</sup> June 2026.

I was advised that the Annual Return was due to be submitted by 30<sup>th</sup> June 2026.

As the discussions took place over the internet I could not examine all relevant documents at first hand so my findings are based on a series of random selections.

#### **BUDGET 2025/26**

The out-turn figures for receipts and payments were both within reasonable parameters of the original budget adopted by the Council at its Meeting held on 30<sup>th</sup> October 2024 and as reported by the Clerk at a Parish Council Meeting held on 21<sup>st</sup> January 2026.

I did however note from this report the following variations from the original budget.

- a) Wages

An overspend due to an increase in pay to reflect a Local Government pay settlement but slightly offset by a change in NI contributions during the latter part of the year.

- b) Environment and Parks

An overspend due to repainting of swings and some additional work at the Community Centre.

- c) Some other minor variations were noted.

## **Receipts**

Other than the Precept and the LCTRS Grant from Durham County Council the main sources of other income were from the recovery of vat paid in 2024/25 and bank interest from Virgin Bank and Barclays.

## **VAT**

The Council paid £1187.35 vat during 2025/26 all of which was recovered from HMRC during the current financial year.

I carried out a selective check on vat charged on 3 invoices and found these in order and that they had been claimed back from HMRC.

I noted that the Clerk is indicating any vat to be paid when quoting payments to the Council.

## **Grants from the Wind Farm (CDCF)**

I was advised that no grant was received from the CDCF during 2025/26.

Whilst on the subject of any potential grant from the Wind Farm, and on general contingencies (£7,500), the Council might wish to give further consideration to possible future projects to at least benefit from any possible further grants from the CDCF.

## **Invoices**

From the random selection made all invoices received appear to have been referred to the Council for approval and were in keeping with a previous authority to incur such expenditure.

## **Donations**

I was advised that 4 requests for a donation had been received and agreed by the Council during the year for amounts ranging between £50 and £100. I noted that with one exception the power used to make the donation (usually Section 137) was quoted in the minutes.

## **END OF YEAR BALANCES**

The balances to be carried forward from 2024/25 to 2025/26 are £14,986 compared with £13,140.41 for the year ending 2024/245.

The majority of the balances are for general contingencies for which £7,500 has been allowed to cover such costs as any work required to the play equipment, the draw well, fences, community centre repairs such as boiler breakdown etc.

The balances equate to around 9 months running costs which are within External Audit guidelines.

## **WORKS UNDERTAKEN DURING 2025/26**

None undertaken during the year.

## **LONG TERM PLANS**

Mainly environmental improvements in the Parish.

## **GENERAL MANAGEMENT MATTERS**

### **PAYE**

I understand that this continues to be paid monthly by cheque with no issues raised by HMRC.

## **EXPENDITURE GREATER THAN £100**

Any expenditure made by the Council can be found on the Council's website.

## **INSURANCE**

### ***Policy***

Clear Council's Insurance continues to provide the Council's cover.

### ***The Fidelity Guarantee Cover***

I understand that the Fidelity Guarantee Cover provided by Clear Council's Insurance at £150,000 is more than adequate for the Parish Council.

### ***Claims***

I also understand that there were no insurance claims made by or against the Council in 2025/26.

### ***Business Interruption***

The Council has cover in place for possible Business Interruption.

## **CLERK'S SALARY AND TERMS AND CONDITIONS**

I understand that the Clerk's terms and conditions were reviewed during the year and a pay award agreed in line in accordance with a recent Local Government pay settlement.

### ***Grounds Management contract***

I understand that Makepeace continue to provide an excellent service under its contract with the Council.

### ***Cleaning contract***

As mentioned in my report for 2023/24 tenders were invited for a new cleaning contract for the Community Centre which was awarded to Grimez2shinez at a cost of £300 per month from 1<sup>st</sup> April 2025.

It is a rolling monthly contract with no VAT.

### ***General comment on future Contracts***

The Council has updated its Financial Regulations based on the NALC model ones were adopted at a Meeting held on 25<sup>th</sup> October 2025.

These provide that "as far as possible that the best available terms are obtained usually by obtaining prices from several suppliers".

## **BANKING ARRANGEMENTS**

I understand that the Council has accounts with Virgin (now including an interest earning account) and Barclays and currently has free banking facilities.

I understand that there were no banking charges for 2025/26 but in the current situation it is possible that this might change in the future.

## **USE OF PERSONAL DEBIT CARD BY THE CLERK**

I was advised that the Clerk has not needed to use his personal debit card to make any purchases on behalf of the Council.

## **PETTY CASH**

The Parish Clerk has access to petty cash of up to £100. Occasionally funds have to be transferred to bring the balance up to the authorised limit.

The Clerk showed me a page from the petty cash book and I noted several instances where this had been used for the purchase of stamps etc for Council business.

I was advised that the Chairman inspects the cashbook and initials each page once he has seen them.

I understand that at the year end there was a balance of £4.52 in the Petty Cash funds.

## **HAMSTEELS COMMUNITY HALL**

I was advised that there hadn't been any further works on the Hall during 2025/26 although the Council is still considering the matter of repairing or replacing the water heaters. Minute No 27 refers.

## **OTHER MATTERS**

### **MINUTES**

I carried a random check on the minutes of a Meeting being signed and dated by the Chairman and found these to be in order. I did however note a few very minor mistakes in the minutes as follows:-

a) Meeting 19<sup>th</sup> May 2025 Min No 16 refers. I would have preferred that the report had included the price quoted for the work required to the entrance doors.

b) Meeting held on 30<sup>th</sup> July 2025 Min No 33 (a) (iv) should read £290 to Cornsay Village Residents Association not £190 as shown.

c) Meeting held on 29<sup>th</sup> October 2025 Minute No 57 (b) (ii) should read £96.60 to HMRC not £90.00 as shown.

d) Meeting held on 21<sup>st</sup> January 2026 Minute No 80 (a) (iv) should read £504 to Makepeace Landscapes not £584 as shown.

e) Meeting held on 21<sup>st</sup> January 2026 Minute No 83 Precept and Budget setting for 2026/27. In the report to the Council the current position shown on the first page showed a balance of £17,770.57. This should have read £17,700.57 and the Balance should have been £7,274.87 not the £7,344.87 as shown.

f) In the same report mention is made of the Budget for 2025/26. I think this should have been 2026/27.

The Clerk should report these amendments to a future Meeting of the Council

## **POLICY STATEMENTS**

### ***Asset Register***

The Clerk cons to monitor the Asset Register which was approved by the Council at a Meeting held on 29<sup>th</sup> January 2026. Minute No 86 refers.

### ***Risk Assessment***

The Clerk continues to monitor the Council's Risk Assessment procedures and the policies were

approved by the Council at a Meeting held on 21<sup>st</sup> January 2026 with some minor rewording. Minute No 91 refers.

### ***Review of the Effectiveness of Internal Audit***

The Clerk continues to monitor this Review which was approved by the Council at a Meeting held on 21<sup>st</sup> January 2026 with no changes made. Minute No 87 refers.

### ***Annual Governance and Accountability Return***

I noted that this had been approved at the Parish Council Meeting held on 19<sup>th</sup> May 2025 – Minute No 15 (a) refers.

### ***Review of Standing Orders and Financial Regulations***

The Council approved and adopted the NALC Model Standing Orders and Financial Regulations, with some minor amendments, at its Meeting held on 29<sup>th</sup> October 2025. Minute No 61 refers.

### ***IT Information and Security Policy***

I noted that the Council had adopted a detailed report submitted by the Clerk at its Meeting held on 25<sup>th</sup> March 2026 – Minute No 116 refers.

### ***Code of Conduct***

The current Code of Conduct was adopted by the Parish Council at its Meeting held on 28 June 2021. Minute No 26 refers

### **PATS**

I understand that the television owned by the Council has been PAT tested since my last Report.

### **CHEQUE COUNTERFOILS**

From a random check all counterfoils appear to have been initialled by 3 authorised signatories, as required under the Council's financial regulations.

I also checked some invoices, the cheques issued and the relevant entry on the bank statement. These were all in order.

### **PLAYGROUND INSPECTIONS**

I was advised that quotes had been obtained for the annual inspection and this was won by ROSPA. An inspection was carried out by them during 2025/26 and the list of repairs identified were subsequently carried out by the Council.

I understand that 2 local residents continue to carry out weekly inspections which are logged.

### **A NOTE ON THE 2026/27 BUDGET /PRECEPT PROCESS**

#### ***Budget/Precept for 2026/27***

The Clerk advised the Council that there has been a slight change in the Council Tax Base figure for 2026/27.

For 2025/26 it was 283.5 and for 2026/27 it was 281.7.

Following consideration of the draft budget/precept for 2026/27, at its Meeting held on 29<sup>th</sup> October 2025, the following was agreed at the Parish Council Meeting held on 26<sup>th</sup> November 2025 (Minute No 71 refers) that given the potential loss of the County Council's LCTRS it was agreed to discuss the matter at the Council's Meeting to be held on 21<sup>st</sup> January 2026.

At that latest Meeting options were considered:-

- a) Making no change to the current Band D precept of £64.14 would reduce income by around £450 in some part due the loss of the LCTSS grant from the County Council and the small loss in the Council Tax base.
- b) As there were other potential increases in the pipeline affecting wages, environment and Community Centre budgets an alternative budget of increasing the existing Precept of £18,183 to £20,000 should be considered.

Option a) would result in a Band D figure of £64.14.

Option b) would result in a new Band D figure of £71.00 which equates to an increase of around 10.7%.

After giving the matter careful consideration it was agreed:-

- (i) That a precept be set based on the Council's budgetary needs [£20,000]
- (ii) That funds at the year end be allocated as the Council agrees.

I understand that no comments have been received from any residents concerning this increase.

Whilst the increase appears high there appear to be sound reasons for the amount concerned.

### **MATTERS REQUIRING ATTENTION**

- a) The Council might wish to give further consideration to possible future projects to at least benefit from any possible further grants from the CDCF and its general contingencies.
- b) To report to the Council the corrections outlined under MINUTES on page 4

### **THE RESPONSE TO THE AUDIT FOR 2025/26**

Following a detailed discussion with the Clerk, and having reviewed a range of documents and other records, I came to the conclusion that I could respond **YES or NOT COVERED** where appropriate to each of the objectives identified by the external Auditor.

As requested on the Annual Internal Audit Report 2025/26 I would comment on the NOT COVERED boxes as follows:-

#### **Box K**

*I have ticked the not covered box against objective K as the Council did not need to consider certifying itself as exempt from a limited assurance review for the 2021/22 audit as its then turnover was between £25,000 and £200,000.*

#### **Box L**

*I have ticked the yes box against objective L as the Council for 2025/26 is not certifying itself as exempt from a limited assurance as it did for 2024/25;*

*I have been advised that all the relevant information is available on the council's website and I have carried out a random check on the Council's website and found that the information I was looking for was available.*

#### **Box O**

*This now states "The authority has complied with laws, regulations and proper practices relating to digital and data compliance".*

*To ensure that the Council complies the requirements, a revised and updated Data Protection Policy and Roadmap has been updated to ensure the Council complies with its obligations.*

## **New Box P**

*Was the previous Box O on Trust Funds which has been answered N/A*

I also checked the completed Section 2 page of the AGAR forms the Accounting Statements 2025/26 and found the amounts stated tallied with the year end Receipts and Payments and the Council's overall balances (bank statements and petty cash) as 31<sup>st</sup> March 2026.

I would now like to make reference to my response to Box M.

## **Note on Box M**

I noted from the minutes of the Parish Council Meeting held on September 24<sup>th</sup> 2025 (Minute No 48 refers) that the External Auditor considered that the Council had not observed the procedures laid down in the Accounts and Audit Regulations to publish the Councils approval to the AGAR forms for the 2025/26 accounts.

I accept Mazars (the External Auditor) comments, that the notice was not published on the first day it could have been.

I have ascertained that this was due to the Clerk being taken ill shortly before he was about to publish the notice, and to the lack of time the Council then had to meet the Regulation requirements to convene an emergency meeting to authorise a Councillor to arrange publication of the relevant Notice..

The notice was however, published as soon as practicable, and the electors rights period did actually cover the 30 days notice of inspection, including the first 10 in July, as required by the Regulations.

In the circumstances I am of the opinion that as publication took place as soon as reasonably practicable, following approval of the AGAR, that on balance I considered appropriate to tick YES in Box M..

## **QUALIFICATIONS ON THE AUDIT**

My report is based on a limited review of the Council's accounts and is not a full audit and should not be taken as approving the Council's accounts 2025..

The purpose of this report is to be satisfied that the Council has adequate systems in place to meet the numerous control objectives sought by the External Auditor and to recommend possible improvements to the Council's existing systems.

Finally I would like to thank the Clerk for his help in extracting any background information that I needed when compiling this report.

M. G. Ackroyd  
Internal Auditor

12<sup>th</sup> June 2026