

Bloxham Parish Council

Internal Audit Report (Interim) 2025-26

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Background and Scope

Statute requires all town and parish councils to arrange for an independent Internal Audit (IA) examination of their accounting records and systems of internal control and for the conclusions to be reported each year in the Annual Governance and Accountability Return (AGAR).

This report sets out the work undertaken in relation to the 2025-26 financial year, during our first review of the Council's records for the year, which has been undertaken remotely during December 2025 following agreement of that approach with the Clerk. We again thank the Clerk in assisting the process, providing the requested documentation in electronic format to facilitate commencement of our review for the year.

Internal Audit Approach

In undertaking our review, we have had regard to the materiality of transactions and their susceptibility to potential mis-recording or misrepresentation in the year-end Statement of Accounts / AGAR. Our programme of cover is designed to afford assurance that the Council's financial systems remain robust and operate in a manner to ensure effective probity of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory regulatory framework. The programme is also designed to facilitate our completion of the 'IA Certificate' in the Council's AGAR, which requires independent assurance over a series of internal control objectives.

This report will be updated following completion of our final review for the year the date of which has yet to be agreed but will be timed to follow closure of the year's Accounts in the Scribe software, hopefully in early April 2026.

Overall Conclusions

We are pleased to record that, based on the work undertaken to date, the Clerk continues to maintain adequate and effective controls over the Council's finances. We acknowledge the actions taken to address issues raised in last year's reports and, where appropriate action remains to be taken, have restated the recommendations in the following detailed report and appended Action Plan.

We take this opportunity to draw the Clerk and Council's attention to the additional item included in the 2025-26 AGAR Governance Statement relating to issues surrounding IT matters and compliance with the requirements of GDPR, etc legislation and will review the Council's status as regards that assertion at our final review.

This report should be presented to members in accordance with the statutory requirement and we ask that a formal response to the recommendations, as summarised in the appended Action Plan, be provided in advance of our final review setting out the actions taken or pending to address the matters identified.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

The Clerk has continued to use the Scribe software to maintain the accounting records during 2025-26. Two bank accounts remain in place with Unity Bank (Current and Instant Access). Our objective in this review area is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in cashbooks or financial ledgers. We have accordingly: -

- Ensured the accurate carry forward of the closing 2024-25 balances as opening balances in the Scribe accounts for 2025-26;
- Ensured that an appropriate coding structure remains in place to facilitate effective budget monitoring / performance management;
- Checked detail in the receipts and payments “cashbooks” generated by Scribe, examining transactions recorded for the financial year to 30th November 2025 agreeing detail to the relevant supporting bank statements at that date, as posted in the online Scribe accounts; and
- Verified the bank reconciliation detail as of 30th November 2025.

Conclusions

We are again pleased to note that reconciliations are routinely presented to the Council and adopted, also being signed off by the Clerk and a nominated councillor. Copies of signed bank statements and reconciliations are duly uploaded to the Scribe accounts software.

We will extend our review of the bank account transactions covering the remainder of the year at our final review, also ensuring the accurate disclosure of the combined account balances in the AGAR at Section 2 Box 8.

Review of Corporate Governance

Our objective here is to ensure that the Council has a robust regulatory framework in place; that Council and Committee meetings are conducted in accordance with the adopted Standing Orders (SOs) and that, as far as we are reasonably able to ascertain as we do not attend meetings, no actions of a potentially unlawful nature have been or are being considered for implementation.

We are pleased to note that the Council has adopted both SOs and Financial Regulations (FRs) at the May 2025 Council meeting aligning the documents with the latest NALC models. In reviewing their content, we note that the SOs refer to a limit of £60,000 (Para 18.a.v refers), whilst the FRs (Para 5.6 refers) refer to a limit of £15,000 for such action. In line with our previous suggestion and given the Council’s annual budget we consider the lower value of £15,000 is more appropriate.

We have reviewed the Council and Committee minutes examining those for the financial year to date to determine whether any issues exist that may have an adverse effect, through litigation or other causes, on the Council’s future financial stability and are pleased to record that no such matters have been identified.

We note that the external auditors have signed off the 2024-25 AGAR, again referring, inter alia, to various issues relating to publication of the Notice of Public Rights for the previous year.

Consequently, we remind the Council to ensure that, when completing the 2025-26 AGAR and Public Notice, it ensures full compliance with the requisite Regulations.

As indicated in the Preface to this report, the Clerk and Council's will need to pay due attention to the additional item for 2025-26 in the AGAR Governance Statement (Box 10) relating to issues surrounding IT matters and compliance with the requirements of GDPR, etc when completing the Governance Statement ensuring appropriate controls, etc are in place before giving a positive assertion.

Conclusions and recommendation

We are pleased to report that no serious issues or concerns arise in this area currently, although we again urge that the SOs and FRs are amended to record a consistent value for formal tender action. We will continue to review minutes and the Council's approach to governance issues at future reviews.

- R1. The Standing Orders (SOs) and Financial Regulations (FRs) should record a consistent value for formal tender action, ideally in line with that recorded in the FRs at £15,000.*
- R2. Care should be taken to ensure that, when completing the formal adoption of the 2025-26 AGAR and publishing the year's Notice of Public Rights, the legislative timing and disclosure requirements are observed and adhered to, as highlighted in the external auditor's certificate on the 2024-25 AGAR.*

Review of Expenditure-

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- Appropriate documentation supports payments, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and / or an acknowledgement of receipt, where no other form of invoice is available;
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount;
- The correct expense codes have been applied to invoices when processed, and
- VAT has been appropriately identified and coded to the control account for periodic recovery.

We have previously discussed with the Clerk the Council's control procedures in relation to the scrutiny and approval of traders' and other invoices for payment and considered them generally effective. We understand that members are being provided with electronic copies of all invoices reviewing them accordingly against the Scribe generated monthly schedules of payments for release with 2 members duly signing off an appropriately worded certificate on those monthly schedules and also physically releasing the payments.

To ensure compliance with the above test criteria, we have selected a sample of 33 individual payments in the year to early-December 2025 totalling £87,550 equating to 80% by value of non-pay related payments processed in the Scribe accounts to that date. In examining the detailed transaction report by cost centre, we have noted an apparent mis-posting with the October salary coded to Code 99 (Home working allowance) and that month's home working allowance posted to Code 4 (Clerk's

salary). Consequently, we ask that the Clerk reviews and amends these entries appropriately prior to the financial year-end.

We have made previous reference to the absence of documentation on the Scribe accounts supporting the Clerk's regular monthly expenses on travel, postage, etc noting that a typed summary of such costs is now being prepared and saved on Scribe as though it were an invoice. As suggested last year, copies of the relevant supporting documents (i.e. till receipts, etc) should also be saved to Scribe with the certification stamp duly affixed to each such supporting document.

Finally, we note that VAT reclaims are prepared and submitted to HMRC annually, with that for 2024-25 duly submitted and repaid in April 2025.

Conclusions and recommendations

We are pleased to record that no significant issues arise in this area currently, although the identified error in posting the Clerk's October salary and home working allowance should be corrected appropriately.

R3. The mis posting of the October 2025 salary and home working allowance should be corrected prior to the year-end closedown to ensure accurate analysis of expenditure in the AGAR Section 2.

R4. To ensure the existence of a clear audit trail, the detail behind the Clerk's miscellaneous expenses paid with her monthly salary, as recorded in Scribe, should be supported by formal documentary evidence, which should also be uploaded to Scribe routinely following member scrutiny and approval.

Assessment and Management of Risk

Our aim here is to ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks to minimise the opportunity for their coming to fruition.

We are pleased to record that the Council has a comprehensive Risk Management document in place and that it was reviewed and re-adopted by the Council at the May 2025 full Council meeting: we consider that the re-adopted document remains appropriate for the Council's ongoing requirements.

We have examined the Council's insurance policy with Hiscox noting that cover is in place with both Employer's and Public Liability cover standing at £10 million, together with Fidelity Guarantee cover at £0.5 million, all of which we consider appropriate for the Council's present needs. We also note that "Business Interruption – Loss of Revenue" cover is also in place at £10,000.

We again note that an external provider undertakes periodic reviews of the Council's play areas reporting their conclusions accordingly with detail presented to the Council for determination of any remedial action considered necessary. This review is supplemented by "in-house" reviews undertaken by members who advise the Clerk of any issues requiring attention. We understand that, following our recommendation last year, the clerk has ensured that the Council is appropriately protected against any potential claims.

Conclusions

No issues have been identified in this area this year warranting formal comment or recommendation. We shall continue to monitor the Council's approach to risk management at future reviews.

Budgetary Control & Reserves

Our objective here is to ensure that the Council has a robust procedure in place for identifying and approving its future budgetary requirements and the level of precept to be drawn down from the District Council: also, that an effective reporting and monitoring process is in place. We also aim to ensure that the Council retains appropriate funds in general and earmarked reserves to finance its ongoing spending plans and cover any unplanned expenditure that might arise.

We note that the Council has completed its deliberations on its budgetary and precept requirements for 2026-27, formally approving the precept for the year at £114,713 at the December 2025 meeting.

We again note that the Clerk provides members with detail of the Council's budgetary position during the year and have reviewed the latest Scribe generated budget report with no significant issues identified other than noting that the budgeted value of the year's precept has not been recorded / set-up resulting in an apparent significant over performance in relation to the total income for the year to date.

We note that the Council now has 8 named earmarked reserves (EMRs) in place including 2 relating to Section 106 income totalling £142,842; one, as recorded last year, "Christmas tree & lights" has a negative balance of £2,934: EMRs may not strictly have a negative value and action should be taken to return the balance on this reserve to a positive or Nil value by an effective transfer from the General Reserve.

Conclusions and recommendations

We are pleased to record that no significant concerns arise in this area other than the need to record the value of the budgeted precept and to update the one overdrawn EMR balance ensuring it records either a positive or Nil balance. We shall undertake further work in this area at our final review examining the year-end budget outturn seeking explanations for any significant variances that may have arisen subsequent to this review and considering the ongoing appropriateness of the level of retained reserves to meet the Council's ongoing revenue spending requirements and potential development aspirations.

R5. *Action should be taken to both record the approved / budgeted value of the annual precept and to return the one recorded overdrawn balance to either a positive or Nil value by transferring funds from the General Reserve.*

Review of Income

The Council has relatively limited sources of income, primarily the annual precept, recoverable VAT and occasional grants and donations.

Our objective in this area is to ensure that all income due to the Council is identified and recovered within an appropriate period and is also banked promptly. We have, as indicated in the first section of

this report, agreed the income recorded in the Scribe software to the supporting bank statements for the year to date with no issues arising.

Conclusions

We are pleased to record that no issues arise in this area warranting formal comment or recommendation.

Petty Cash Account

The Council does not operate a petty cash account.

Review of Staff Salaries

In examining the Council's payroll function, we aim to confirm that extant legislation is being appropriately observed as regards adherence to the Employee Rights Act 1998 and the requirements of HMRC legislation relating to the deduction and payment over of income tax and NI contributions, together with meeting the requirements of the local government pension scheme.

The Clerk is the only Council employee: we note that she is paid in accordance with the Council approved spinal point on the nationally agreed NJC salary scale for a set number of hours each month. The Council has again outsourced preparation of the monthly payroll with all necessary monthly documentation provided to the Clerk to facilitate payment of her net salary, tax and NI contributions to HMRC and pension contributions to the Pension Fund Administrators.

To meet the above objective, we have: -

- Checked and agreed the Clerk's salary paid in September and October 2025, noting that the former includes payment of the 2025-26 national pay award and arrears backdated to 1st April 2025;
- Checked and ensured the accurate calculation of tax, NI and pension fund deductions / contributions based on the gross salary paid in both months in accordance with the tax code recorded on the pay slip, NI Tables and pension contribution band; and
- Ensured that the appropriate tax, NI and employee / employer contributions to HMRC and the Pension Fund Administrators have been applied and been paid over to the respective agencies.

Conclusions

We are pleased to record that no issues have been identified in this area warranting formal comment or recommendation.

Investments and Loans

We aim in this area of our review process to ensure that the Council is taking appropriate action to ensure interest earning capabilities are maximised whilst safeguarding the Council's resources.

We are again pleased to note the Council's compliance with the requirements of the Statutory guidance on Local Government investments (3rd Edition) issued under section 15(1)(a) of the Local Government Act 2003 effective from 1st April 2018 with an appropriate Annual Investment Strategy

in place. Whilst it is improbable that the Unity bank will fail, with in excess of £320,000 in the combined two Unity accounts currently, the Council should consider diversifying the placement of surplus funds in other banking institutions, also ensuring that interest earning opportunities are maximised.

No loans are in existence payable either by or to the Council.

Conclusions and recommendations

We are pleased to record that no significant concerns arise in this area other than in relation to the potential loss of funds should the Unity Bank ever fail: consequently we repeat our previous recommendation and urge that the Council considers further diversification of funds to other banking institutions as the Government's banking compensation scheme will still, following the announcement of an uplift in value, only reimburse losses up to £120,000 should a bank "fail".

R6. Consideration should be given to the diversification of the placement of surplus funds to reduce the risk of loss in the, albeit unlikely, event that Unity Bank should "fail", also maximising the potential further increase interest earning opportunities.

Rec. No.	Recommendation	Response
Review of Corporate Governance		
R1	The Standing Orders (SOs) and Financial Regulations (FRs) should record a consistent value for formal tender action, ideally in line with that recorded in the FRs at £15,000.	
R2	Care should be taken to ensure that, when completing the formal adoption of the 2025-26 AGAR and publishing the year's Notice of Public Rights, the legislative timing and disclosure requirements are observed and adhered to, as highlighted in the external auditor's certificate on the 2024-25 AGAR.	
Review of Expenditure & VAT		
R3	The mis posting of the October 2025 salary and home working allowance should be corrected prior to the year-end closedown to ensure accurate analysis of expenditure in the AGAR Section 2.	
R4	To ensure the existence of a clear audit trail, the detail behind the Clerk's miscellaneous expenses paid with her monthly salary, as recorded in Scribe, should be supported by formal documentary evidence, which should also be uploaded to Scribe routinely following member scrutiny and approval.	
Budgetary Control & Reserves		
R5	Action should be taken to both record the approved / budgeted value of the annual precept and to return the one recorded overdrawn balance to either a positive or Nil value by transferring funds from the General Reserve.	
Investments and Loans		
R6	Consideration should be given to the diversification of the placement of surplus funds to reduce the risk of loss in the, albeit unlikely, event that Unity Bank should "fail", also maximising the potential further increase interest earning opportunities.	