Lydiard Millicent Parish Council

Internal Audit Report FY2025-26

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For and on behalf of
Auditing Solutions Ltd

Background

Statute requires all town, parish and community councils to arrange for an independent internal audit examination of their accounting records and system of internal control and for the conclusions to be reported each year in the Annual Governance and Accountability Return**.**

This report sets out the work undertaken in relation to the Internal Audit process for the 2025-26 financial year which took place on the 30th of April and the 1st of May 2026.

Internal Audit Approach

In concluding our review for the year, we have again had regard to the materiality of transactions and their susceptibility to potential mis recording or misrepresentation in the year-end Statement of Accounts / Annual Return. Our programme of cover is designed to afford appropriate assurance that the Council has appropriate and robust financial systems in place that 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 'Internal Audit Report' as part of the Council's Annual Governance and Accountability Return process, which requires independent assurance over a number of internal control objectives.

Overall Conclusions

We report that, on the basis of the work undertaken to date in the current year, the Council continues to operate robust, proportional and effective internal controls in all areas reviewed. We have noted that the Council Received and Adopted our prior year internal audit report and implemented the two recommendations made therein. We have further noted the continuous improvement in Corporate Governance during the 2025-26 financial year, particularly in relation to the quality of the Council's Approved and Published Minutes, the development of its Policies Portfolio and the steps taken to ensure compliance with Assertion 10.   We have made no recommendations for improvement in respect of the 2025-26 financial year audit.

We take this opportunity to commend the Clerk & RFO and note her efforts to advance the Council's standards of governance and financial administration. We also note that the Clerk & RFO will shortly achieve CiLCA certification. We thank the Clerk & RFO for the diligent way in which the documentation, required to conduct this year-end audit was presented and consider that this was achieved in an exemplary manner and on a timely and secure basis, making the internal audit process straightforward.

Finally, we ask that Council Members consider the content of this report and acknowledge that the report has been formally reviewed and adopted by the Parish Council.

Review of Accounting Records & Bank Reconciliations

Our objective here 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 note that the Council uses the Rialtas Alpha accounting software package for local councils to maintain the accounting records, also noting that during the 2025-26 financial year the Council retained its funds one bank accounts and an investment fund as follows:

- Cashbook 2 – CCLA Public Sector Deposit Fund
- Cashbook 3 – Unity Trust Bank
- Cashbook 5 – Lloyds Charge Card
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We have noted the following: -

- Agreed the opening Trial Balance in the accounting software for 2025-26 financial year to the closing Trial Balance for the 2024-25 financial year to ensure that all the detailed balances have been properly brought forward;
- Noted that quality of data entry in all the Council's Cashbooks, (2, 3 and 5) is of a generally high quality;
- Checked and verified the detail of the transactions recorded on the CCLA PSDF account (Cashbook 2) and the Unity Trust Bank account (Cashbook 3) and the Lloyds Charge Card account (Cashbook 5) to the supporting bank statements for April, September and December 2025 and March 2026;
- Checked and verified the detail on the 30th of April, 30th of September and 31st of December 2025 and the 31st of March 2026 bank reconciliations on the CCLA PSDF account (Cashbook 2) the Unity Trust Bank account (Cashbook 3) and the Lloyds Charge Card account;
- Noted that the Members have continued to maintain a Financial Accounts checking team, which pay detailed scrutiny to the Council's quarterly accounts; and,
- Considered the appropriateness and security of the controls over software systems back-up, noting that the Council's email system is managed and backed up by an external IT consultancy: X-Net (Service) Ltd (*formally Kimcell Ltd which incorporates X-Net, e-mango an Datacenta hosting brands)*. The Council's computer system including Rialtas is all managed and backed up by Microshade.

Conclusion

There are no matters arising in this area of review warranting formal comment or recommendation.

Review of Corporate Governance

- Noted that Council received an unqualified External Auditor's report for the 2024-25 financial year;
- Noted that the Council remains ineligible to adopt the General Power of Competence due to the Clerk not holding CiLCA certification;
- Reviewed the Minutes of the Full Parish Council for the full financial year to the 31st of March 2026 to ensure that no issues affecting the Council's financial stability either in the short, medium or long term exist;

- Noted that the Parish Council reviewed and re-adopted its Standing Orders at its 15th of May 2025 Annual Meeting under Minute Reference 007/25. Based on the NALC model document;

- Noted that the Parish Council reviewed and re-adopted its Financial Regulations at its 15th of May 2025 Annual Meeting under Minute Reference 008/25. Based on the NALC model document;

- Noted that the Parish Council correctly provided the proper opportunity for the Exercise of Public Rights in accordance with the requirements of the Accounts and Audit Regulations for the examination of the 2024-25 financial year financial statements and supporting documents. The Notice of Exercise of Public Rights was, (and remains), published on the Council's website under the FY2024-25 'Finance' hyperlink: Notice of EoPR FY2024-25 and was prominently displayed on the Council's noticeboards. The published Notice records an announcement date as the 06th of June 2025, with a commencement date of the 09th of June 2025 and a conclusion date of the 21st of July 2025; a period of exactly 30 days including the first 10 working days in July;

- Noted that the Notice of Conclusion of Audit, dated the 18th of September 2025 has been published on the Council's website under the FY2022-23 'Finance' hyperlink: Notice of Conclusion of Audit FY2024-25 and was prominently displayed on the Council's noticeboards;

- Conducted a review of the Council's Approved and Published Minutes for the 2025-26 financial year, noting that these are of a generally high quality;

- Noted that the Parish Council maintains an official website which is published on a JSEC compliant server under the domain https://www.lydiardmillicent-pc.gov.uk/;

- The Council's website is only 'partially compliant' with current WCAG 2.2A Accessibility Legislation;

- The Council is registered with the Information Commissioner's Office (ICO) as a Data Controller;

- The Council has Adopted and Published the ICO's model Publication Policy for Public Authorities;

- The Council has Adopted and a Data Protection policy covering both UK GDPR legislation effective 2018, as amended from time to time;

- Councillors have been provided with formal GDPR and Data Protection training;

- Councillors and Staff Members have been issued with 'name@lydiardmillicent-pc.gov.uk' email addresses exclusively for Council business use;

- The Clerk & RFO has undertaken a formal Data Audit during the 2025-26 financial year;

- The Council has an Approved and Adopted Data Retention Policy; and,

- The Council has an Approved and Adopted Freedom of Information (FoI) Request Policy. We are informed by the Clerk & RFO that the Council has received not any FoI requests during the 2025-26 financial year.

Conclusion

There are no matters arising from this area of review warranting formal comment or recommendation. We commend the Clerk & RFO for the significant works that has been undertaken during the 2025-26 financial year to ensure that Council is compliant with the requirements of the new 'Assertion 10' on the Annual Governance and Accountability Return. We take this opportunity to draw the Clerk & RFO's attention to the Accessibility standard of the current website, being only partially compliant with current WCAG 2.2A requirements.

Review of Expenditure

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- Payments are supported by suitable documentation, 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 heading 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 conducted a detailed examination of a sample of non-salary related payment documents made by the Council in the 2025-26 financial year, with the selection criteria of every payment in excess of £1,000 and every 25th payment irrespective of value. A total of 33 payment documents, with a total value of £38,865.69, and equating to approximately 50.6% of all non-payroll related payments was checked and verified. There was clear evidence of both Clerk & RFO and Member scrutiny applied to each document, in full compliance with the Council's adopted Standing Orders and Financial Regulations.

Noted that the Council holds a single Lloyds Bank Charge Card against the Unity Trust Bank Account. The account has a monthly account limit of 500.00 with a single transaction limit of £500.00 *(Approval has been given to increase the credit limit to £750, however, this had not been enacted as at the 31st of March 2026).* The Charge Card account is settled in full on a monthly basis and the account balance has been checked and certified to be zero as at the 31st of March 2026 as statutorily required. The Charge Card is retained in a secure location when not in use.

Finally, in this area of review we note that the Council submits a single s.126 VAT reclaim for the prior financial year, each year. The s.126 VAT reclaim 2024-25 financial year, in the amount of £10,612.39 was received to bank on the 06th of June 2025. We note that the s.126 VAT reclaim for the 2025-26 financial year has been prepared in the amount of £10,137.69 and we confirm that this balance has been disclosed under 'debtors' on the year-balance sheet supporting the FY2025-26 Accounting Statements.

Conclusions

There are no matters arising in this area of review warranting formal comment or recommendation.

Review of Assessment & 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 note that the Council continues to demonstrate a robust and proportionate approach to Risk Management, with a formally adopted Risk Management Policy and a detailed Finance and Health & Safety Risk Register in place, both of which is reviewed and amended from time to time during the financial year.

We also note that the Council undertakes specific Risk Assessments for areas of critical risk on a case by case basis, for example; the Fire Risk Assessment which was undertaken at the Jubilee Club House, Risk Assessments at the Council's play area and recreation ground. Members last reviewed and readopted the Council's Health & Safety Risk Register during the 02nd of October 2025 meeting of the Parish Council under Minute reference 103/25.

The Council continues to place its insurance requirements with Ansvar Insurance, a business division of Ecclesiastical Insurance Office plc, under policy number ACY 2381667 has a period of cover of the 1st of June 2025 to the 31st of May 2026. The key features of the policy's schedule are:

Employers Liability	£10,000,000
Public Liability	£10,000,000
Trustees' & Directors' Liability	£1,000,000
Legal Expenses	£250,000
Libel & Slander	£100,000
Fidelity Guarantee	£25,000
Personal Accident	£15,000
All Risks	£10,000
Money	£10,000
PR Crisis – any incident	£5,000

We consider this level of cover appropriate for the Council's immediate and ongoing requirements.

Finally, in this area of review, we note that the Council is responsible for the management and maintenance of the Jubilee House/Meadow Springs Play Area and Recreation Ground which contains football and cricket pitches.

The Council is responsible for the Jubilee House/Meadow Springs Play Area and Recreation Ground which contains football and cricket pitches which are managed under the Council's Play Area Management Policy originally Adopted by Members during the 2022-23 financial year is reviewed every two years on the month of its anniversary.

We note that the Council's Handyman, who holds a ROSPA routine inspection certificate, undertakes the weekly inspection of the playground and recreation areas and submits the resulting report to the Clerk & RFO and Members who continue to respond to any deficiencies identified. The annual independent play are inspection report was conducted during the 2025-26 financial year by Wicksteed Ltd.

The Council's published minutes confirm that Members pay close attention to Health & Safety aspects of its recreation facilities on an ongoing basis. The Clerk & RFO also informs us that representatives of the football and cricket teams check the pitches for issues before matches begin and report any defect to her via e-mail.

Conclusion

There are no matters arising in this area of review warranting formal comment or recommendation.

Review of Precept Determination & Budgetary Control

Our aim here is to ensure that: -

- The Council has undertaken a budget determination exercise, which forms the basis of the annual Precept request from the parent Council;
- The Council has received monthly reports identifying the budget position throughout the year, the accuracy of these are also reviewed during the Audit Committee meeting;
- The Council has formally approved the establishment of specific reserves; and,
- The utilisation of reserves and the return of unused balances to the General Fund are reported to the Council on a monthly basis.

We note from the Council's published Minutes, and the supporting documentation provided by the Clerk & RFO, that the Council conducted a detailed budget setting and Precept determination process for the 2025-26 financial year. The Council's Minutes confirm that a series of budget and reserves reviews were undertaken during the Council's October, November and December 2025 meetings. Subsequently Members Resolved to establish the Precept for the 2026-27financial year, in the amount of £73,293 (*£67,055 prior-year*), at the 08th of January 2026 meeting of the Parish Council, under Minute reference 157/25. This increase equates to an annual Council Tax for a Band 'D' property in the amount of £95.41, an increase of £9.92, equivalent to 11.6%, above the prior year.

We note that the Council held ten formally established Earmarked Reserves (EMRs) as at the 31st of March 2026. We have reviewed the level of these reserves noting an opening balance of £34,658.12, net in-year transfers of -£5,740.42 resulting in a closing balance of £28,917.70. The EMRs are recorded in the Rialtas Alpha accounting software and that all the Council's payments are made from the appropriate reserve fund, at the instruction of the Members.

The Clerk & RFO has advised us that the EMRs have been further reviewed with Members to ensure that they are replenished, by virement, to meet the Council's budgetary requirements for the 2026-27 financial year.

We have checked and verified the closing balances for the 2025-26 financial year, noting that the Council held total reserves as at the 31st March 2025, in the amount of £85,969.67 (*£80,965.61 prior-year*), of which £28,917.70 (*£27,059.72 prior-year*) were held in Earmarked Reserves leaving a residual General Reserve fund of £57,051.97 (*£53,906.03 prior-year*) equating to approximately 7 months' reserve based on the average monthly 2025-26 level of expenditure, sitting just above the upper range of the generally accepted guidance of the Chartered Institute of Public Finance and Accountancy (CiPFA), that smaller authorities should retain between 3 and 6 months of General Reserve fund based on the average monthly prior year expenditure. We have noted the Clerk & RFO's comments regarding the further virement of General Reserve funds into EMRs to meet the Council's budgetary requirements for the 2026-27 financial year and consider the level of retained funds appropriate for the Council's immediate and ongoing requirements.

Finally, in this area of review we have noted the year-end out-turn and examined significant variances in excess +/- of 15% of budget. The Clerk & RFO's variance report contained satisfactory explanations for each variance recorded.

Conclusion

There are no matters arising in this area of review warranting formal comment or recommendation.

Review of Income

In this area of our review, we aim to ensure that income due to the Council is identified, invoiced (where applicable) and recovered at the appropriate rate and within a reasonable time scale. Additionally, that all physically received funds are banked promptly in accordance with the Council's Financial Regulations.

We have noted that the Council no longer receives cash payments for its services.

We note that other than the Precept, the Council derives income from a number of sources which include the following:

- Cemetery Fees
- Football Fees for field hire
- Cricket Fees for field hire
- Fees for hire of meeting room
- Fees for field hire
- Rural Payments Agency (RPA) Fees re: Lydiard Plain
- VAT reclaims
- Bank interest
- Occasional Grant and Donations

We have noted that the Council has met its duty to review its fees during the financial year, Resolving its Cemetery and General fees for the 2025-26 financial year at the 08th of November 2025 meeting of the Full Parish Council under Minute reference 123/25 and 124/25 respectively.

We have checked and verified that the Council's fees have been correctly published on its website and reviewed the Council's Adopted Terms and Conditions of Hire with no matters arising.

We have reviewed the following income streams for months of April, June, September and December 2024 and March 2025 as follows with no matters arising:

- Checked & Verified the receipt of the RPA payment in respect of Lydiard Plain;

- Checked & Verified the Junior Football fees;
- Checked & Verified the Cricket fees; and,
- Checked & Verified the Meeting room fees.

With regards to the Cemetery and Memorial fees, we have confirmed all receipts for the 2025-26 financial year have been recorded correctly, and the associated interment and memorial charges levied correctly with four interments being recorded in the Register.

The Council's total annual income is recorded as follows:

Income FY2025-26	
1000 Precept	£67,055.00
1002 Rental Lydiard Plain	£2,700.00
1003 Grants	£784.92
1007 Hire Fees	
Recreation field & JCH	£491.50
Cricket	£3,652.50
Football	£7,874.50
Subtotal	**£12,018.50**
1011 Grant of ERoB	£1,706.50
1012 Interments	£1,668.00
1013 Memorials	£584.00
Subtotal	**£3,958.50**
1015 Interest	£2,945.11
1020 Miscellaneous	£12.00
4141 Rental Community Field	£1,031.04
Total income FY2025-26	

It is our opinion that, as far as we are reasonably able to ascertain, all other income due to the Council has been received and recorded appropriately.

Conclusion

There are no matters arising in this area of review warranting formal comment or recommendation. We take this opportunity to remind the Clerk & RFO that when setting up new Nominal Codes in Rialtas Alpha that Income Codes should be limited to the 1,000 range and expenditure to the 4,000 range. We have noted the income recorded against a nominal code 4141 and have discussed with the Clerk & RFO the actions to be taken to correct this.

Review of Petty Cash Account

Lydiard Millicent Parish Council does not operate a Petty Cash account. The Clerk & RFO and Members purchase items and seek reimbursement of funds, via expense claims which are subject to the same scrutiny as all other payment documents.

The Clerk & RFO has advised us that the multi-use (charge) card, from the Unity Trust Bank, to enable the Council to make online purchases has been in use from July 2023.

The Review of charge card transactions was conducted, along with all other payments, under our Review of Payments.

Conclusion

There are no matters arising in this area of review warranting formal comment or recommendation.

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 HM Revenues and Customs (HMRC) legislation as regards the deduction and payment over of income tax and NI contributions, together with meeting the requirements of the local government pension scheme, as last amended with effect from 1st April 2018 in terms of employee contribution percentages. To meet that objective, we have:

- Noted that there were no staff changes during the 2025-26 financial year to the 31st of March 2026;
- Noted that the Council payroll administration remains outsourced to DM Payroll Services;
- Checked and verified the payroll reports for the financial year from the 1st of April 2025 to the 31st of March 2026 with no matters arising;
- Noted that Tax and NI deductions have been paid to HMRC in a timely manner, monthly in arrears;
- Noted that the Clerk & RFO's pay scale increase was Resolved during the 04th of May 2025 Personnel Committee under Minute reference P/25/04 of that meeting;
- Noted that the Council Approved the application of the National Pay Award during the 04th of May 2025 meeting of the Parish Council under Minute reference 25/86 of that meeting; and,
- Noted that the Council is properly enrolled in the NEST Pension Scheme, with the Clerk & RFO as the only employee who is a member of the scheme effective from July 2025. The other two employees remained 'opted out' during the 2025-26 financial year

Conclusion

There are no matters arising in this area of review warranting formal comment or recommendation.

Review of the Fixed Asset Register

The Smaller Authorities Proper Practices Panel (SAPPP) Practitioners Guide requires councils to maintain a record of all assets owned. We note the Council's compliance with this requirement; the Clerk maintains and manages an appropriate register with values identified both at cost price or, when unknown, at the required £1.00 valuation, together with the annually uplifted insurance value to assist with budgetary planning for future replacements.

We have noted that the Council currently maintains its Fixed Asset Register in a basic Microsoft Excel spreadsheet. As at the 31st of March 2026 the Register records the following information:

Fixed Asset Register FY2025-26	
Opening Balance 31.03.2025	£477,701.00
Net in-year disposals	£2,081.00

Net in year acquisitions	£12,241.00
Closing Balance 31.03.2026	£487,861.00

We have checked and verified that this value has been correctly reported in the Accounting Statements at Box 9 of Section 2 and have updated our permanent Annual Return records accordingly.

Conclusion

There are no matters arising in this area of review warranting formal comment or recommendation.

Review of Investments & Loans

Our objectives here are to ensure that the Council is "investing" surplus funds, be they held temporarily or on a longer term basis in appropriate banking and investment institutions, that an appropriate investment policy is in place, that the Council is obtaining the best rate of return on any such investments made, that interest earned is brought to account correctly and appropriately in the accounting records and that any loan repayments due to or payable by the Council are transacted in accordance with appropriate loan agreements.

We noted that the Council has both an Adopted Investment Policy and an Adopted Reserves Policy in place.

The Council holds its funds a Unity Trust Bank current account We have verified the 31st of March 2026 account balances with reference to electronic copies of the prime supporting documentation and the disclosed balances in the corresponding account reconciliations. We have also noted that the funds retained in these accounts, being less than £120,000 are fully protected by the Government's Financial Services Compensation Scheme.

The Council holds surplus funds in a CCLA Public Sector Deposit Fund account. We have verified the 31st of March 2026 account balance with reference to an electronic copy of the account statement and the disclosed balances in the corresponding account reconciliation and agreed the dividend reinvested in the account has been properly recorded.

Cash at Bank as at 31.03.26

CCLA PSDF	£67,682.11
Unity Trust Bank Current	£8,618.98
TOTAL	**£76,301.09**

The Clerk & RFO has certified that Council has no loans, either owed, or let by it.

Conclusion

There are no matters arising in this area of our review warranting formal comment or recommendation.

Statement of Accounts and Annual Return

The Council's Rialtas accounting system automatically generates the Management Accounts, Balance Sheet, Trial Balance, Income & Expenditure Accounts and Reserves reports as part of the software's year-end closed down procedure.

We have checked and verified these reports, against prime documentation, and consider that the Council's Accounting reports accurately records the 2025-26 financial year's transactions. The software also generates the detail for inclusion in the year's Annual Return, which we have also verified as being consistent with the accounting and other relevant supporting records.

We have also reviewed the procedures in place for identifying year-end debtors, creditors and accruals and agreed the detailed values recorded in the year-end Balance Sheet to the underlying records with no long-standing unpaid accounts or other issues arising.

Conclusion

We are pleased to record that there are no matters arising in this area of our review warranting formal comment or recommendation and, on the basis of the work undertaken during the course of our review for the year, we have "signed off" the Internal Audit Certificate in the Annual Governance and Accountability Return, assigning positive assurances in all areas.

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NOTE TO REPORT

We confirm that all confidential & sensitive information, supplied for the purposes of this audit including, Personnel Minutes, Payroll and Employment data have been permanently deleted from Auditing Solutions Ltd.'s servers and any printouts made for the purposes of this audit have been destroyed in accordance with the Company's data and document retention policies and with the prevailing General Data Protection Legislation.