

INTERNAL AUDIT ANNUAL REPORT

Easington Parish Council

2025/26 INTERIM AUDIT

Assurance level:	Full Assurance
Report status:	Draft Report
Date:	19th November 2025
Prepared by:	Gordon Fletcher, Internal Auditor
Issued to:	Paul Moore, Parish Clerk



INTRODUCTION

1. In accordance with discussions with the Parish Clerk and the Interim Parish Clerk it was agreed to carry out a further review of Easington Village Parish Council. The review involved a visit to Seaton Holme, Easington Village, on 17TH November 2025.
2. In carrying out the audit, the time and assistance afforded by the Parish Clerk, was greatly appreciated.

OBJECTIVES OF THE REVIEW

3. The overall objective of my review is to provide a risk based assessment of the systems in place in order to form an opinion as to whether they are robust and provide an adequate basis for effective control, as specified in the AGAR were to ensure that;
 - Creditor payments are authorised and that internal controls can be relied upon.
 - Income collection procedures and banking arrangements are adequate.

4. SCOPE OF THE WORK CARRIED OUT

The review is carried out by Gordon Fletcher, who is contracted to provide an Internal Audit Service for Easington Village Parish Council.

Following discussions in May 2025 with the Parish Clerk we agreed that a further detailed interim audit to be carried out, to examine the internal controls around the Account Payable and Income Collection and Banking systems.

- 5.. Therefore, a 6-month review of the Accounts Payable and Income Collection system was carried out, in November 2025.
6. This report is intended to present to the Parish Clerk the observations and conclusions of the audit. Wherever possible the observations and any recommendations have been discussed with the Parish Clerk and his views considered.

7. SUMMARY OF THE WORK.

8. ACCOUNTS PAYABLE

- 8.1 All invoices for payments for goods and services from April 2025 (ref FD 6467)) to September 2025 (ref FD 6659) were examined and checked to the purchase daybook reports and Cash book 1 reports (payments) which showed financial codes and vat amounts as shown on the purchase daybook. All had been properly recorded, with all payments correctly shown on the bank statement. There were no queries.
- 8.2. The system set up to pay invoices was found to be working well, with good internal controls and separation of duties between the Parish Clerk and the Administration Officer.
- 8.3. The main method of payment is by online banking, (BACS), which is a more economical and efficient system of paying accounts, and allows the Clerk to examine the bank accounts immediately and complete bank reconciliations more efficiently. Payments can be made by Cheque, Direct Debit and Card

9. PETTY CASH

- 9.1 The petty cash system was examined, and proper procedures were being carried out with receipts obtained for all expenditure. Petty cash check showed the amount cash held was £92.75 and was confirmed. Stamps held were 9, 1st class and 9, 2nd class. During the year petty cash and stamps checks are confirmed regularly by a Councillor and recorded in the petty cash book.

10. INCOME COLLECTION AND BANKING ARRANGEMENTS

- 10.1. All income received has a numbered invoice raised and dated to provide an official record of income into the RBS finance system. The file of invoices (Sales Invoice detail sheet) was checked from

receipt book no. EV2038 to EV 2185 and all found to be on file and correctly raised. Income is mainly received straight into the Council's bank account through Direct Credit.

Any unpaid invoices are identified from the accounts system where a printout is produced and examined. Latest report dated 17th November 2025 showed 8 unpaid, the oldest being raised on 23rd September, of which the Clerk is aware of.

- 10.2. A booking form is completed for the hire of rooms for casual users which shows the conditions of hire and the fees and charges and are invoiced. Regular users are recorded on a calendar (booking diary) and are invoiced monthly.
Fees and charges are reviewed annually as part of the budget setting process.
- 10.3. Income is also received for the rent of rooms within Seaton Holme where invoices are raised.
- 10.4. Allotment rents (2 sites) are usually paid in September/October and recorded through the allotment software package where an invoice is raised, payment is normally by BACS and this was confirmed, and checked to the List of Receipts Paid sheets and the list of allotment holders. All expected income was received, apart from 1 outstanding, who has had a follow up email sent to him, which the Clerk is aware of.
- 10.5. All income relating to the Cemetery has had an invoice raised where required and could be traced to the cashbook records and the Cemetery Fees report from the system and all had been paid. Fees and charges had been properly applied and are reviewed annually as part of the budget setting process.
All income received was confirmed to the finance system - cash book 1 (receipts).
- 10.6. VAT returns had been completed for the period 1st April to 30th June 2025 and received in the bank account on 11th July 2025, a return for 1st July to 30th September was paid 10th October.
- 10.7. The Council has three bank accounts, a Business Current Bank Account which shows most of the income paid in and payments out, the Business Premium account which holds the main balance of the Council's monies and automatically tops up the Business Bank Account when required, and there is a CCLA Investment accounts which holds a large sum of monies for investment.

OBSERVATIONS, RISKS AND RECOMMENDATIONS

11. My observations together with the associated risks are detailed in the action plan accompanying this report, if required. For each area where an observation is made, a recommendation and priority for action is attached.
12. I have categorised the importance of my recommendations as follows:
 - Critical – A control weakness that may have a significant impact upon the achievement of, not only the system objectives, but also the organisation's objectives
 - High – A control weakness that may have a significant impact upon the achievement of the system objectives
 - Medium – A control weakness that may have an impact upon the achievement of the system objectives
 - Low – A control weakness that does not impact upon the achievement of the system objectives, however, the implementation of which would improve overall control
13. My review has highlighted 0 issues on the internal controls of the Council

AUDIT ASSURANCE LEVEL

14. Based upon the above issue and the potential impact of the observation made, I can provide **Full Assurance** on the internal controls examined. This level of assurance is one of five possible levels which are shown in the table below.

Level of Assurance	Definition
Full Assurance	There is a sound system of controls in place and those controls are consistently applied and are fully effective. Control objectives are fully met.
Substantial Assurance	There is a sound system of control in place but some of the controls are not consistently applied or fully effective. Control objectives are largely achieved.
Moderate Assurance	There is basically a sound system of control in place, but there are weaknesses and evidence of non-compliance with or ineffective controls. Control objectives are often achieved.
Limited Assurance	The system of control is weak and there is evidence of non-compliance with controls that do exist. Control objectives are sometimes achieved.
No Assurance	There is no system of control in place and control objectives are rarely or never achieved.

G. Fletcher

**Gordon Fletcher,
Internal Auditor to the Parish Council
Date: 19th November 2025**