

INTERNAL AUDIT ANNUAL REPORT

Easington Parish Council

2025/26 AUDIT

Assurance level:	Full Assurance
Report status:	Draft Report
Date:	5th May 2026
Prepared by:	Gordon Fletcher, Internal Auditor
Issued to:	Paul Moore, Parish Clerk

CONFIDENTIAL

INTRODUCTION

1. In accordance with the agreed Internal Audit Plan, I have carried out a review of Easington Village Parish Council Internal Controls for 2025/26. The review involved a visit to Seaton Holme, Easington Village, on 30th April 2026 and from home on 29th April 2026 and 1st May 2026. An interim audit was also carried out 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;
 - Payroll procedures are operating as expected.
 - Creditor payments are authorised and that internal controls can be relied upon.
 - There are adequate internal controls for the debtors system.
 - Income collection procedures and banking arrangements are adequate.
 - Assets register is maintained and is up to date.
 - The agreed budget is accurately shown in the accounts and monitored.
 - The tendering process is followed.
 - Section 137 payments (donations) are properly recorded. (if any)
 - Risk management arrangements are satisfactory.
 - Governance arrangements

SCOPE OF THE WORK CARRIED OUT

4. The review is carried out by Gordon Fletcher, who is contracted to provide an Internal Audit Service for Easington Village Parish Council.
5. The scope of the work covers all the areas within the Internal Audit section of the AGAR for Parish Councils, with compliance and substantial testing carried out.
6. The 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.

SUMMARY OF THE WORK

7. PAYROLL

- 7.1. Durham County Council (DCC) have entered into a service level agreement in which the Parish Council set up a BACS systems where staff are paid directly from the Parish Council's current account. Any changes to the normal payroll information are notified by the Clerk to DCC payroll department.
- 7.2. The Council has 7 permanent employees who complete timesheets which are signed by the employee and authorised by the Parish Clerk. (Parish Clerk's is authorised by the Chair). The internal controls of the payroll system allow reliance to be placed on them, and all timesheets examined for the year had been properly completed with correct payments made.

8. ACCOUNTS PAYABLE

- 8.1. Following discussions with the Parish Clerk it was agreed that a 6 monthly detailed review of accounts Payable was carried out, this was reported on 19th November 2025 where it was found that "the system for paying invoices set up by the Parish Clerk is satisfactory for the size of the Council". This audit included detailed checks on the payment of accounts between April to September 2025.
- 8.2. This current audit, I will carry out compliance tests to confirm that the internal controls are still working between October 2025 to March 2026 (FD ref no 6404 to 6846).
- 8.3. All invoices for payments for goods and services checked confirmed that good internal controls and separation of duties were being applied regarding the payment of accounts. There were no

queries.

9. PETTY CASH

- 9.1 The petty cash system was examined during the interim audit, and proper procedures were being carried out with receipts obtained for all expenditure. Petty cash check was carried out on 17th November 2025 which showed the amount held (£92.75) was correct to the records Internal Controls were satisfactory.

10. INCOME COLLECTION AND BANKING ARRANGEMENTS

- 10.1 Following discussions with the Parish Clerk it was agreed that a 6 monthly **detailed** review of income collection and banking arrangements would be carried out. This took place on 17th November 2025 and reported on 19th November 2025 where it was found all expected income had been received and banked. This included **detailed** checks on the income collected and banked between April and September 2025

10.2., Therefore this current audit I carried out compliance tests to ensure that the internal controls are still working between October 2025 to March 2026. A receipt is completed for all income collected and a Sales invoice detail sheet records the EV number for inputting into Rialtus, which is shown on the List of receipts paid report. The receipt numbers checked were 2186 to 2771.

- 10.3. The Council has three bank accounts, a Current Bank Account which shows most of the income paid in and payments out, and the Hi Business Premium account which holds the main balance of the Council's monies and automatically tops up the Business Bank Account when required. A PSDF accounts for holding large amounts.

11. ASSET REGISTER

- 11.1. The Asset Register is updated during the year when an asset is bought or disposed of and is completed in accordance with the Governance and Accountability for Local Councils - A practitioners' guide. The Asset Register is reviewed and reported every year with the approval of the annual accounts.

12. BUDGETARY CONTROL ARRANGEMENTS

- 12.1. income and expenditure budgets had been properly compiled and are used to set the precept for the following year, which is reported to Members.

12.2. Budget monitoring is carried out through the Detailed Income and Expenditure reports by budget heading, which are reported monthly to Members throughout the year.

12.3 A Medium-Term Financial Plan (5 years) is considered every year regarding repairs, replacement and Maintenance programme for Seaton Holme, Administration and Plant and Machinery. The Council does not have a Corporate Plan as there is little scope for other planned projects/schemes within the Parish, apart from activities at Seaton Holme where room hire is charged.

12.4. The Council holds a satisfactory amount of allocated and unallocated reserves.

12.5. The setting of the budget and precept for 2025/26 was initially discussed in December and January by the Budget Sub Committee, and agreed by Full Council on 12th January 2026

13. TENDERING PROCEDURE

- 13.1. There is a tendering procedure (including quotes) in place which is satisfactory by ensuring that at least 3 appropriate tenders/quotes are approached and there are several Members present at the time of opening of the tenders/quotes.

14. SECTION 137 PAYMENTS

- 14.1 . The Council does not record any Section 137 payments as they have General Power of Competence and any donations are approved in the minutes.

15. RISK REGISTER

- 15.1. The Council's Corporate Risk Assessment is reviewed and approved with the statement of accounts Council meeting every year.

16 GOVERNANCE ARRANGEMENTS

- 16.1. Good Governance arrangements and Internal Control requires good policies and procedures in place, the Parish Clerk has a checklist to ensure that these are in place and reviewed when required.
- 16.2. In accordance with the Accounts and Audit regulations 2015, an Effectiveness of Internal Control Arrangements report, for 2024/25 had been completed and was submitted by the Parish Clerk at the 12th May 2025 Council meeting, which covers Internal Audit, Internal Control and Risk Management. The report on internal control for 2025/26 is to be completed and submitted with the statement of accounts in May 2026
- 16.3. Financial Regulations, Standing Orders and Risk Assessments are reviewed every year at the Councils annual meeting. (12th May 2025), along with agreeing that the Council meets the requirements for the General Power of Competence.
- 16.4. The Council approves the annual accounts every year along with the Annual Governance Statement, and asset register - last year this was completed at the ordinary meeting on 12th May 2025
- 16.5. Exercise of Public rights was dated 2nd June 2025 with the inspection dates between 3rd June to 14th July 2025 and placed on the Council's website.
- 16.6 I am satisfied that the Council has met the criteria for Assertion 10 with good policies in place an up to date website and the Council having a .gov.uk email address.

17. Other

- 17.1. Back up of the finance system is through the "cloud", and Rialtus back up system

OBSERVATIONS, RISKS AND RECOMMENDATIONS

18. 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.
19. 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
20. My review has highlighted 0 issues on the internal controls of the Council.

AUDIT ASSURANCE LEVEL

21. Based upon the above issue and the potential impact of the observation made, I can provide **Full Assurance** on the internal controls for 2025/26 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.

22. As discussed with the Parish Clerk it is recommended that additional assurances on the Councils Internal Controls are carried out on Accounts Payable and Income collection and banking procedures in October 2026



Gordon Fletcher,
Internal Auditor to the Parish Council
Date: 5th May 2026