

Grove Parish Council
Financial Year 2025-26



Audit date: 30 January 2026

Visit 1 Internal Audit Observations

Date considered by Council _____

Minute Reference _____

B This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Has the Council put in place Terms of Reference for its Committee which have been subject to formal review and approval by Full Council?	No	<i>From a review of records it was not possible to confirm that the Council has put in place Terms of Reference for its Committee which have been subject to formal review and approval by Full Council, although they are referred to in the Scheme of Delegation.</i>	The Council must ensure that Terms of Reference are in place for its committees and that these are subject to review and approval by Full Council.	Medium	The Council will consider Committee Terms of Reference at its next meeting on 7 April 2026. This review will cover the forthcoming municipal year 2026-27.
2	Council has in a place a process to regularly check and agree supplier statements of account	Yes	<i>It was noted that there are two credit balances in the Councils accounts in respect of Allotment Deposits, one is an Earmarked Reserve (nominal code 335) and one is a liability (nominal code 565). It is unclear why there are two different codes in use to record allotment deposits held.</i>	The Council to review the balance on nominal codes 335 and 565 and verify whether they are correct and whether there should be two codes in use. If necessary the Councils should consolidate both balances on one nominal account code.	Medium	The balances have been consolidated onto one nominal account code via Rialtas.

C This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Minutes reviewed and no 'unusual activity' identified (interim - give date of last Minutes reviewed)	Yes	<p><i>It was noted that the Minutes of Council meeting of 17th June 2025 refer to 'confidential Minutes' of a meeting held on 6th May 2025. This issue of 'confidential' Minutes was raised in the 2024/25 Internal Audit report.</i></p> <p><i>It is understood that the Council has review this practice and that now all Minutes are prepared and published as public documents.</i></p>	Council to note.	Low	The reason and timing of this meeting was explained to the Internal Auditor to a satisfactory conclusion.
2	The value of the Councils Fidelity Insurance covers the value of the Councils cash & bank holdings	No	<i>The value of the Councils Fidelity Insurance, at £300,000, does not cover the value of the Councils cash & bank holdings.</i>	The Council to review the level of its Fidelity insurance and consider whether it is adequate to cover the value of cash and bank balances held.	Medium	It was explained to the Internal Auditor that following a conversation with the Council's insurers, the Council's insurers did not think that this was an issue because of the processes that have to be gone through to access and transfer funds from the CCLA investment accounts it was generally considered a waste of funds. However, this matter will be discussed again at the next Full Council meeting.

E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Invoices / Charges levied agree to approved rate of Fees and Charges	No	<i>From a review of actual charges levied it was not possible to agree the charges levied for hiring income to the Council's approved schedule of fees.</i>	The Council to conduct a review of the hire fees and verify the charges raised are in accordance with a formal schedule for fees and charges which has been subject to review and approval by Council.	High	The Council has two rates for the hire of Old Mill Hall facilities; regular hirers and irregular hirers, which were last reviewed with effect 1 April 2025. Historically, regular hirers have varying degrees of discount dependant on the length of time they have been hiring Old Mill Hall. This will be discussed at the next Full Council meeting.

2	Charges levied / Invoices paid can be traced to subsequent banking	Yes	<i>It was noted that there is some difference between invoices raised and payments received. This appears to be due to the fact that the Council invoices weekly and some hires pay on a weekly basis. This means that it is not easy to clearly identify which receipts relate to which invoice and to verify that all invoices raised have been paid.</i>	The Council to note the difference between invoices raised and the payments made by users. The Council to note that this could be effectively addressed through the use of a sales ledger (see below).	High	This will be discussed at the next Full Council meeting
3	If the Council raises a large number of invoices does the Council maintain a debtors ledger or some other appropriate means of recording amounts due?	No	<i>The Council raises a significant number of sales invoices but does not currently maintain a debtors ledger to record and monitor amounts due and unpaid.</i>	The Council to consider the introduction of a sales/debtors ledger to facilitate the monitoring of outstanding amounts due.	Medium	Please see above
4	There is segregation of duties between invoicing and receipting of income	No	<i>At present the Council does not have separation between the raising of invoices and the receipting of income. This presents a potential control issue and increased risk of error.</i>	The Council to review its income arrangements and consider whether it is possible to have the raising of invoices and the recording of receipts carried out by different members of staff.	Medium	Please see above
5	Cash income received is promptly receipted and banked. Payments are not made out of cash received.	No	<i>Cash income is not promptly receipted / The Council does not currently have in place a procedure for receipts to be issued for cash income received.</i>	The Council to introduce a pre numbered receipt book to record cash income received. Receipts should be issued for all cash income.	High	As soon as a cash invoice is paid, the invoice is annotated as such, signed and dated. Whilst the Council can write an invoice, not all hirers accept or want one.
6	Income received has been appropriately treated for VAT purposes	Yes	<i>The Council is currently not registered for VAT and reclaims VAT under the Section 33 arrangements. During the next few years the council is expected to significantly increase the scope of its operations and levels of expenditure.</i>	The Council should consider obtaining specialist VAT advice on the potential impact of its increased level of activities and expenditure to clarify whether there may be any adverse impact on the Council's ability to recover VAT.	Medium	This will be discussed at the next Full Council meeting.

I *Periodic bank account reconciliations were properly carried out during the year.*

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	There a bank reconciliation for each account (Interim)	No	<i>It was noted that transactions on the CCLA deposit fund are recorded as nominal entries on account 216 rather than through the cashbook,. As system bank reconciliations are made through the cashbook there is no bank reconciliation for the CCLA account.</i>	The balance on the CCLA statement should be reconciled to the balance on nominal code 216 - this could be done using the nominal transactions report in Rialtas.	Medium	This will be instigated from now on.
2	Bank reconciliation have been subject to independent review (not by a bank signatory). (Interim)	Yes	<i>It was noted that bank reconciliations have been prepared to December 2025. however they have only been signed by a councillor, as evidence of independent review, up to 31st July.</i>	The Council should ensure that bank reconciliations are subject to prompt review and approval.	Medium	The bank reconcilliations are reviewed as and when members are available. However, the Council will ensure that they are reviewed and approved more promptly.

J *Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.*

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Prior year accruals have been correctly reversed in the current year. (interim)	Yes	<i>It was noted that there are low value balances carried forward from the previous year on nominal codes 100 Debtors and 101 Sales Ledger.</i>	The Council to review the balances on nominal codes 100 and 101 and verify whether they are correct.	Medium	The nominal codes 100 and 101 have been zeroed by Rialtas