

Internal Audit Report

(to be read in conjunction with the Annual Internal Audit Report in the Annual Governance and Accountability Return)

Name of council:	Therfield Parish Council		
Name of Internal Auditor:	James Parker	Date of report:	25/4/2026
Year ending:	31 March 2026	Date audit carried out:	January & April 2026

Internal audit is the periodic independent review of a council's internal controls resulting in an assurance report designed to improve the effectiveness and efficiency of the activities and operating procedures under the council's control. Managing the council's internal controls should be a day-to-day function of the council through its staff and management and not left for internal audit. It would be incorrect to view internal audit as the detailed inspection of all records and transactions of a council in order to detect error or fraud. This report is based on the evidence made available to me and consequently the report is limited to those matters set out below. A draft of this report was provided to the Clerk prior to issuing it, in order that the Clerk could produce, for consideration, any evidence which had not been made available and which might affect the conclusions.

The council is required to take appropriate action on all matters raised in reports from internal and external audit and to respond to matters brought to its attention by internal and external audit. Failure to take appropriate action may lead to a qualified audit opinion.

To the Chairman of the Council:

Introduction

As requested I have examined the operation and accounting of the Council and make the following comments, with reference to guidance for Internal Audit provided in the Practitioners Guide 2025. This report should be read in conjunction with the attached certificate (page 3 of the AGAR) which represents my assessment of the extent to which the Council has met the specified internal control objectives. I can confirm that the Clerk has been given the opportunity to comment on a draft of this report to minimise the risk of factual misunderstandings.

I am required to assess, for each objective, whether 'in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.' The Council should be aware that, where I make comments below but nevertheless give a 'yes' answer to the related control objective, I have given the 'yes' answer on the basis that I consider that the objectives are met in all *significant* respects and/or to a standard *adequate* to meet the needs of the authority. This is somewhat subjective and the Council should consider, when assessing any risk referred to in my comments, that others may take an alternative view.

This report should also be read in conjunction with guidance laid out in The Practitioners' Guide 2025.

Section 1, 2 and 3 of the guide represents the proper accounting and governance practices ('proper practices') referred to in statute.

Section 4 of the guide sets out the non-statutory best practice guidance relating to internal audit which authorities are required to consider.

Section 5 of the guide provides supporting information and practical examples to assist smaller authority officers to manage their governance and financial affairs and is not mandatory.

By using this guide to refer to the proper practices referred to in statute and considering the non-mandatory guidance you can ensure that the systems and procedures you have in place are robust and offer a secure framework of governance and accountability.

These comments and the attached certificate will inform the authority's response to the assertions in the annual governance statement.

General

It is clear from inspection of records presented to me, discussion with the Clerk and inspection of the Council's website, that much of the Council's business is well managed and recorded. I do however have serious concerns related to transparency and publication, where the Council yet again falls well short of the standards required by law. These concerns are set out below and it is notable that similar concerns were raised in the internal audit report for the year ending March 2025, which the council 'approved' in May 2025, but on which it appears little or no action was taken. I regret to say that very similar concerns were also raised in the audit report for the year ending March 2024.

I am aware that a new Clerk has been employed subsequent to March 2025 and accept that dealing with the shortcomings may therefore be 'work in progress'. However, with the same concerns again being raised this year, Council must now ensure, as a priority, that sufficient resource is allocated to dealing with them and that members provide the necessary support to enable the legal obligations of the Council to be met.

A. Appropriate accounting records have been kept throughout the Year & Periodic bank reconciliations were properly carried out during the year (YES)

It is noted that a process for verifying bank reconciliations was put in place in September 2025; Council should ensure that these reconciliations continue to be independently verified (ie verified by someone who is not directly involved in making or recording the transactions) on a regular basis

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

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

It is noted during the initial phase of the audit in January 2026 that a playground inspection carried out in September included several 'medium risk' items dating from May 2025 which were stated to be 'Awaiting Council ', and therefore had not been actioned. The consequence of this is that the Council was at risk throughout the summer period when the playground is presumably busy. If a liability claim had been made (or were made for the period in future), the delay in dealing with

identified risks would likely be used as evidence of negligence, whether or not the risks in question were directly related to the accident for which liability was alleged.

I understand that the responsibility to initiate playground repairs has been delegated to the Clerk and that in future prompt action will be taken. On this basis I am content to answer this in the affirmative.

D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate. (NO)

The statutory process for determining the precept is set out in the Local Government Finance Act 1992 Section 49. This specifies the matters that must be considered, how they are to be applied, and the formula for calculating the precept. The process specified will result in a balanced budget.

Members and officers are reminded that the precept, set by the Council, is a compulsory tax which must be paid, and for which non-payment may attract a custodial sentence. It is thus incumbent upon the Council to be able to demonstrate that the rate of taxation was determined by a robust method, as set out in the legislation referred to.

I was unable, from the published records, to determine either how the precept was decided or indeed what its value was and no figure was recorded in the minutes. The Clerk provided me with an unpublished budget breakdown, but no explanation was given for the variance between the figure that would result from the mandated calculation and the (smaller) amount claimed from the District Council.

This lack of transparency both in the process for determine the level of taxation, and the quantum thereof, is contrary to both to the provisions of the act referenced above and to the Freedom of Information Act 2000.

I am therefore unable to answer this assertion in the affirmative.

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

F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for (N/A)

I am advised that Petty Cash is not in use so have marked this 'not covered'.

G. Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied. (Yes)

H. Asset and investment registers were complete and accurate and properly maintained. (Yes)

It is noted that the amount insured under 'all risks' exceeds the value of the assets recorded in the Asset register. Council may wish to review its level of insurance cover in relation to its assets to ensure that adequate, but not excessive, cover is in place.

I. Periodic bank account reconciliations were properly carried out during the year. (Yes)

J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate (Yes)

K. If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt (No)

Whilst the Council met the exemption criteria and exempted itself from a limited assurance review, it does not appear to have met the mandatory publication requirements set out in the [Transparency Code for Smaller Authorities](#). I am therefore unable to answer this assertion in the affirmative.

L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation (No)

The requirements for publication are set out in the [Transparency code for smaller authorities](#) (December 2014) which became mandatory under [The Smaller Authorities \(Transparency Requirements\) \(England\) Regulations 2015](#), together with [The Accounts and Audit Regulations 2015](#) and the [Freedom of Information Act 2000](#). This list may not be comprehensive.

This matter was covered in some detail in the audit report for 2024/2025. I will not repeat this analysis here as it appears that little or no progress has been made towards compliance. Guidance on the requirements for compliance is available from HAPTC and other sources, and the Council is urged to review this and amend its publication practices accordingly.

Having regard to the above I am unable to respond to this assertion in the affirmative.

M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (No)

I am advised by the Clerk that the required notice was not, in fact, displayed. I am therefore unable to answer this assertion in the affirmative.

N. The authority has complied with the publication requirements for 2024/25 AGAR (Yes)

O. The authority has complied with laws, regulations & proper practices relating to digital and data compliance (Yes)

It should be noted that Section 1 Assertion 10 of the AGAR is a new category for councils to review and determine for audit year 2025/26. The statutory requirements are not new but have been separated out to offer greater clarity. Compliance with assertion 10 should be assessed by council using the 2025/26 Practitioners Guide (unless council choose to use the updated 2026/27 guide).

To ensure this area is audited Internal Auditors have been provided with this new control category 'O' which was unfortunately omitted from the Internal Audit section of the Practitioners Guide for 2025/26.

This year I have assessed your council on the basic requirements, having regard to appropriate proportionality, to determine compliance. Council must ensure that full reference is made to all sections of the Practitioners' Guide for 2026/27 to ensure compliance with the enhancements for 2026/27.

P. Trust funds (including charitable)

It is understood that the Council is not the trustee of any trusts. This section has therefore been marked 'not covered'.

Yours sincerely,

James Parker
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