Annual Internal Audit Report 2025/26

Item 15(1) - Paper E

Lake Parish Council

www.lakeparishcouncil.gov.uk

During the financial year ended 31 March 2026, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2025/26 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on 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.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✔		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✔		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✔		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✔		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✔		
F. Cash payments were properly supported by receipts, all cash expenditure was approved and VAT appropriately accounted for.			✔
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✔		
H. Asset and investments registers were complete and accurate and properly maintained.	✔		
I. Periodic bank account reconciliations were properly carried out during the year.	✔		
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.	✔		
K. **If** the authority certified itself as exempt from a limited assurance review in 2024/25, it met the exemption criteria and correctly declared itself exempt. *(If the authority had a limited assurance review of its 2024/25 AGAR tick "not covered")*			✔
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.		✔	
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 *(during the 2025/26 AGAR period, were public rights in relation to the 2024-25 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).*	✔		
N. The authority has complied with the publication requirements for 2024/25 AGAR *(see AGAR Page 1 Guidance Notes).*	✔		
O. The authority has complied with laws, regulations & proper practices relating to digital and data compliance.		✔	

	Yes	No	Not applicable
P. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.			✔

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken: 05/05/2026

Name of person who carried out the internal audit: Maxine Warr

Signature of person who carried out the internal audit: MCWarr

Date: 07/05/2026

***If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).**

Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report **must explain why not (add separate sheets if needed).

LAKE PARISH COUNCIL

INTERNAL AUDIT REPORT 2025 - 26

1.INTRODUCTION

All Local Councils in England are required to complete an annual return summarising their financial records at the end of the financial year. A section on the Annual Return needs to be completed by an Internal Auditor who shall be independent of the Council. The Councils External Auditor needs to place reliance on the work of the Internal Auditor and provides guidance on the minimum level of testing required to provide this assurance.

2.SCOPE OF AUDIT

The audit includes for examination on a test basis of evidence relevant to the amounts and disclosures as contained in the accounts. This examination has included the following-

Matching of financial statements to invoices and receipts
Examination of budget preparation & precept setting
Inspection of bank statements
Matching of payment records to invoices
Examination of Risk Assessment.
Compliance with Transparency Code.

3. FINDINGS

1) There is no payroll provision as the Clerk works on a voluntary basis and back-office support is through an agreement with Sandown Town Council. There are funds in the budget to employ a Clerk if required.

2) The accounting record's, bank statements and bank reconciliation were examined and agreed. All payments are presented to the Council for approval and paid by the clerk under delegated authority. A full list of invoices is signed off by the Chairman and a nominated councillor.

3) The bank reconciliations are presented and signed off regularly at meetings.

4) Standing Orders and Financial Regulations were reviewed and adopted at the 8 May Annual Meeting 2025.

5) VAT had been accounted for correctly and refunds from HMRC are being claimed. There was correspondence with HMRC regarding liability for VAT on public conveniences and this was resolved as the PC were acting correctly. All income is correctly recorded.

6) Insurance policies are in place, there is an asset register but this is not published.

7) The budget and precept proposals were discussed at a full council meeting on 13 February 2025 and it was resolved to increase the precept to £289,582 for 25/26. Full details of the process is outlined in the minutes. The budget was agreed at £344,677 with the difference made up from budgeted income and general reserves. Evidence for 2026/27 is not on the website.

8) The Financial Risk Assessment Policy was reviewed and adopted for 2026.

9) The 2025-26 financial year saw turnover of over £200,00 once again, so recording is correctly made. As it is the third year at the higher turnover, the transition to an income and expenditure basis has been completed and the figures restated on the AGAR for 2025-26.

10) The PWL finance is correctly recorded and the balance has been checked.

11) The Transparency Code requires the publication of certain information on a website. The financial information for each quarter has been uploaded but unfortunately, due to circumstances beyond the Parish's control, other parts of the website are very out of date. Policies have not been uploaded; there are gaps in the minutes and the councillor details are not complete.

12) The exercise of public rights for 2024/25 was correctly displayed on the website. The dates agreed were minuted and the AGAR was agreed in the correct order.

13) Assertion 10 – A .gov website and email has been commissioned and an IT policy drafted and risks identified. This will be confirmed at the May 2026 meeting. Training has been provided for the members. It is recommended that a security compliance checklist is adopted for members and consideration is given for a data map to be compiled to review how data is stored.

CONCLUSIONS AND RECOMMENDATIONS

It has been quite difficult to carry out a full audit as so much is missing on the website. Evidence has been forthcoming as requested and the Clerk has fully explained the problems relating to the website and the reasons for non-compliance.

Therefore, I would recommend a further audit in the autumn to ensure the website is compliant and the items that are required to be displayed by 30 September are in place.

Having regard to the above, I believe I have adequate assurance to complete and sign the relevant section of the Annual Return.

Maxine Warr
7th May 2026

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7th May 2026

Explanation of a 'No' response on the AGAR for 2025-26

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.*

Lake Parish Council has not published all the required information on the new website. This has been due to circumstances beyond their control and has been explained by the Clerk. Work is scheduled to address this in the near future.

O. *The authority has as complied with laws, regulations & proper practices relating to digital and data compliance*

Although an IT policy has been developed and the risk assessments carried out it has not been fully adopted by the Council. This is scheduled for the May 2026 meeting.
However, the website was tested in June 2025 and emails are compliant.

Maxine Warr
Internal Auditor