

Griffin

Chartered Accountants

Internal Audit Review
Broadclyst Parish Council



Broadclyst Parish Council

Field visit date: 03 March 2026
Issued by: Caitlin Vine

1. Basis of the report

The public accountability framework sets out the legislative responsibilities for local councils. A key requirement on local councils is to 'maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control' and it is in this capacity that we are making this report.

Timetable of work

To fulfil these obligations, Griffin will carry out two visits to the council each financial year.

Over the course of the year our work we will cover the following key areas:

- Purchases and cash payments
- Payroll
- Income and cash receipts
- Fixed assets
- Financial budgeting and monitoring
- Risk management
- Year-end procedures
- AGAR Assertion 10 compliance

Our work will establish the existing systems that the council has in place, test whether these systems are being followed and make suggested improvements.

Work completed 03 March 2026

Purchases and cash payments

- Walkthrough of purchase systems
- Controls testing on a sample of purchases
- Tender/quotation process review
- Review of bank reconciliations
- Staff permissions and segregation of duties
- Staff expense claims
- Related party transactions
- VAT treatment and reclaims

Financial monitoring and budgeting

- Approval of budget by council
- Financial information provided to councillors
- Finance Committee meeting frequency and appropriate review

Income and cash receipts

- Confirmation of precept amount and receipt in full
- Processes and controls around cash receipts
- Review of investments and investment policy
- Bad debt recovery procedures

Risk management

- Councillor interests and related parties
- Review risk register

Payroll

- Payroll controls testing
- Review of timesheet/overtime procedures
- Starter/leaver procedures reviewed

Fixed Assets

- Process and procedures around the acquisition and disposal of fixed assets
- Maintenance of a fixed asset register
- Authorisation of fixed asset additions

2. Update on previous findings

There were no recommendations made in our March 2026 visit and all previous recommendations had been cleared.

3. Work completed

Work completed		Result	Conclusion
Purchases and Cash payments			
1.	Review financial regulations and standing orders Obtained and reviewed the financial regulations and standing orders to ensure they're appropriate and up to date.	The financial regulations reviewed during the internal audit are based on the NALC model and have been appropriately adapted to suit the Council's needs. The Clerk demonstrated a strong understanding of the regulations and confidence in applying the required controls effectively.	No issues to note.
2.	Substantive testing of purchases A sample of purchases were selected at random from the system and traced through to ensure the financial procedures and key controls were being applied in accordance with our understanding. This included: – Ensure an order is in place for each transaction – Confirm the purchase is within budget – Ensure the purchase is appropriate having regard to value for money and regularity – Agree to supplier invoice – Confirm VAT treatment is correct – Confirm BACS run authorisation appropriate and in line with financial procedures	All acquisitions had been appropriately approved by authorised signatories and were verified against their corresponding invoices. Entries recorded in the financial system, including the treatment of VAT, were found to be accurate and appropriate in all cases examined. BACS payments were properly authorised and could be fully traced back to the relevant bank statement entries, ensuring complete accountability.	No issues to note.

3.	BACS run authorisation levels and procedures Reviewed the process for paying suppliers, including authorisation limits and segregation of duties. We then tested a sample of payments to ensure that the procedures were being adhered to.	The online banking system requires two signatories to authorise payments. However, an ongoing issue remains whereby the Clerk, as the preparer of the BACS run, is automatically recorded as the first signatory. Ideally, the Clerk would prepare the payment run only, with two councillors providing the required authorisations. The bank has previously confirmed that this arrangement cannot be altered. As a compensating control, the Clerk brings a printed copy of each payment run to committee meetings, where it is reviewed and signed by an additional councillor as an independent third signature. Testing during our visit confirmed that this process is being followed consistently.	No issues to note.
4.	Bank reconciliation One month was selected at random and the bank reconciliation reviewed to confirm: - The reconciliation has been completed - There are no old items that need investigating - There is evidence of the reconciliation being reviewed.	The bank reconciliation was up to date, with no old or unusual reconciling items. It was evident that the reconciliation is completed regularly and is reviewed and signed off in accordance with the Financial Regulations	No issues to note.

5.	Tendering and quoting procedures The tendering process was reviewed as part of the work on the financial procedures manual. A sample of expenditure items over the tendering limits was then tested to ensure that the tendering process was being effectively put into practice.	The Council's Financial Regulations require three competitive quotations for expenditure above £1,000, unless the supplier is selected from the approved preferred suppliers list. The client has confirmed that no works undertaken during 2025/26 met the threshold requiring three competitive quotes. For the sample reviewed, all purchases were processed and authorised in line with the Council's procurement procedures, with no exceptions noted. The preferred suppliers list is subject to an annual review to ensure continued competitiveness and value for money. Any changes made to the list during the year are formally approved by the Council and recorded within the meeting minutes, supported by justification demonstrating that value for money considerations have been appropriately assessed	No issues to note.
6.	Segregation of duties Reviewed the access of different staff members to the council's financial system, Rialtas, as well as the authorisation levels with respect to bank payments.	A copy of the Council's segregation of duties manual was reviewed, confirming that roles and responsibilities are defined across purchasing, payroll and income. It was noted that the Clerk can set up suppliers, raise purchases and authorise them, which creates a risk that the full purchasing process could be completed without independent review. The Council mitigates this through dual authorisation on all bank payments, ensuring a second individual reviews transactions before	No issues to note.

		payment. As is common in small finance teams, this arrangement places added importance on payment authorisers conducting thorough checks. The Clerk is the only user with a unique login to the finance system. In the Clerk's absence, the Deputy Clerk would access the system using the Clerk's credentials, with attendance records used to evidence the audit trail. Given the small size of the finance team, the Council considers the cost of additional system logins to be unnecessary.	
Income			
7.	Precept Confirmed the precept amount and that it has been received in full and posting onto the finance system is appropriate.	Agreed the precept amount to the offer letter and confirmed that the posting onto the finance system was accurate.	No issues to note.
8.	Cash receipts Confirmed the procedures around cash sales and what safeguards are in place to prevent misappropriation of funds.	Historically, the Pavilion administrator was responsible for collecting cash related to pavilion bookings, preparing a monthly report, and banking the small amounts received. While this arrangement presented a potential control weakness, given that one individual handled both the recording and banking of cash, the risk was considered low due to the minimal sums involved and was reflected within	No issues to note.

		the council's risk register. This year, cash handling has been largely eliminated, with the only cash received relating to a community event where donations were collected in a bucket and passed directly to the charity. As a result, the council considers the residual risk of loss from cash transactions to be minimal.	
9.	Investments and investment policy Confirmed whether the council hold any investments. If so, is there any investment policy in place and does it report on the progress of these investments.	The council maintains an investment policy and has retained its existing investments, with no additional contributions made during the year. The Clerk provides quarterly updates to Councillors on the interest earned from these investments.	No issues to note.

Financial monitoring and budgeting			
10.	Confirm approval of the annual budget by councillor and examine the budgeting process The preparation of an annual budget is a statutory task that must be undertaken by all local councils, irrespective of size.	The budget setting process remains one of the council's most significant financial responsibilities, with guidance consistently emphasising the need for a comprehensive and well-structured approach. Information has been reviewed. The Clerk prepares the budget each year, taking into account the council's ongoing growth and projected expenditure levels. The draft budget is then scrutinised by the Finance and Governance Committee before being presented to the full Council for approval, with evidence of this process documented in the meeting minutes. The budget for 2025/26 was reviewed and approved in December 2024, and the 2026/27 budget received approval in December 2025.	No issues to note.
11.	Financial information provided to councillors The financial analysis and accompanying commentary provided to the council was reviewed.	The financial information provided to councillors is considered appropriate for supporting informed decision-making. The Clerk supplements the reports with commentary explaining variances against the budget and offering recommendations where relevant. A balance sheet and payment schedule are also presented at each meeting to provide a comprehensive overview of the council's financial position.	No issues to note.

Governance, regularity and risk management

12.	Risk management Obtained and reviewed a copy of the council's risk register and ensured its approval by the board and the range of risks, including both financial and non-financial risks. If a risk register is not used, confirm the other systems in place to manage risk.	The risk register is presented in an appropriate format and covers all key areas comprehensively. It assesses the likelihood of each risk and sets out the principal controls designed to mitigate them, ensuring the council's significant risks are addressed. The register undergoes an annual review by the Finance and Governance Committee before being submitted to the full Council for approval. The risk register obtained for this review includes evidence of formal approval in the meeting minutes, confirming that the most recent approval took place in March 2026.	No issues to note.
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13.	Related parties Related parties are individuals, companies, charities, or other organisations that are connected to the council by way of the councillors, or its senior employees. For example, if a councillor was the director of a limited company, that company would be classified as a related party. Related parties are important, as any transactions between them and the council carry the risk of being perceived in a negative light externally. For example, if a piece of work was given to a company of which a councillor is a director, there is a risk that the external perception is that the company in question has been favoured purely due to the close relationship it has with the council. <u>Work done</u> Reviewed declarations of interest for Councillors and senior staff to ensure they are being completed and discuss the procedures that are in place to identify related party transactions.	All councillors have submitted declarations of interest, which are kept under regular review and made available to the public. The Clerk and Assistant Clerk (NC) have also maintained up-to-date declarations. The Clerk provided a complete schedule of related party transactions for the year, supported by appropriate workings and documentation. All payments were authorised by the Clerk and received independent third-party approval from a council member.	No issues to note.
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Payroll			
14.	Payroll controls testing A sample of employees were selected from the monthly payroll and the following confirmed: – Ensure a signed contract of employment is held by the council – Agree salary/scale point to contract or latest pay award letter and the HR system – Ensure overtime has been approved – Recalculate pension and tax deductions – Agree net pay to BACS run and payroll reports	All employees included in the sample had signed employment contracts held on file. The rates of pay for each employee were consistent with the terms set out in their contracts or any subsequent pay updates, and these were accurately reflected within the HR system. In addition, pension contributions and tax deductions were recalculated and found to be correct, with the appropriate net pay amounts processed to employees through the BACS run.	No issues to note.
15.	Timesheet staff For a sample of timesheet staff the hours worked, and rate of pay was agreed to supporting documentation.	For the timesheet staff sampled, the amounts paid through payroll were consistent with the hours recorded on the timesheets, and the hourly rates applied agreed with the rates specified in staff contracts or approved pay updates. Where any deviation from the standard hourly rate was identified, appropriate authorisation from the Council had been obtained. In addition, all timesheets reviewed had been authorised correctly.	No issues to note.

16.	Staff expense claims For a sample of staff expense claims the amount claimed was agreed to supporting documentation and the bank.	All staff expense claims had been appropriately authorised, and the amounts claimed were confirmed as accurate by agreeing them to the corresponding bank statement entries.	No issues to note.
17.	New starters For a sample of new staff at the council the following was confirmed: – Salary confirmed to offer letter/contract and HR system. – Ensured new staff members have been authorised by budget holder as appropriate. – Ensured new starters were added to payroll in their first month and that their pay was pro-rated if they joined part way through the month.	There were no new starters during the year; therefore, no testing of starter documentation or first-month pay calculations was necessary	No issues to note.

18.	Payroll leavers For a sample of departing staff the following was confirmed: – Ensured they had been removed from the payroll the month after they had left. – Ensured the final month of pay was been pro-rated if they had left part way through a month. – Ensured any holiday pay etc. was been correctly calculated. – If any additional payments were made to departing staff, confirmed whether these were contractual and whether the additional payment had been authorised.	There were two leavers during the year. As both were on zero-hours contracts, no pro-rata calculation was required, and neither employee appeared on the payroll following their leaving date.	No issues to note.
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Fixed assets			
19.	Fixed asset register Obtained a copy of the fixed asset register and reviewed to confirm whether it is complete and contains all necessary information.	The asset register has been maintained and kept up to date since the year-end audit. It is complete and reflects all new additions purchased during the year. A final review of the register has been carried out, as evidenced in the meeting minutes.	No issues to note.
20.	Fixed asset disposals Confirmed the process for fixed asset disposals and tested a sample to ensure the procedure has been properly followed and authorised.	The Council's financial procedures set out the disposal policy, stipulating that obsolete or surplus items must be authorised for disposal by the Clerk, with Council approval required for any disposal resulting in a loss greater than £5,000. No disposals occurred during the year, and consequently no disposals were subject to testing	No issues to note.

4. Recommendations

From our testing of the systems and controls, no new recommendations were identified. This is a testament to the work of the finance team.

Report Priority rating

	Fundamental findings that need the immediate attention of management
	Important findings that require management attention, but are not fundamental in nature
	Minor issues that can be improved or administrative errors that require correcting
	The issue has been resolved

