

Report to Thaxted Parish Council
Annual Internal Audit of the Accounts for the Year Ending 31st March 2026

The primary objective of Internal Audit is to independently review, appraise and provide assurance upon the control environment, making sure that controls are mitigating the Council from increased risk exposure, and to achieve this, the internal auditor will adopt a systems-based approach to audit.

The Annual Accounts for the year ending 31st March 2026 can be summarized as follows:

Income for year:	£186,924.31
Expenditure for year:	£216,061.35
Precept figure:	£152,482.00
General Reserves balance:	£91,645.42
Earmarked Reserves balance:	£305,525.28

The following Internal Audit work was conducted on the adequacy of systems of internal control in accordance with the scope previously approved by the Council with particular emphasis upon the following:

- Review and assess the soundness, adequacy, effectiveness and reliability of financial and performance management systems
- Review and assess the efficiency and effectiveness of internal control arrangements and working practices and make recommendations to improve these where appropriate
- Review and assess the adequacy of procedures to ensure the Council's assets and interests are adequately protected and risks are identified and effectively managed
- Check for compliance with legislation and the Council's integrity and ethical standards, policies and procedures

THAXTED ANNUAL INTERNAL AUDIT – 2025-2026

Comments and any recommendations arising from the review are made below.

Summary	
<p>The Internal Auditor offers her appreciation for the assistance given by the Clerk in the completing of this audit.</p> <p>The internal audit review has provided evidence of the overall adequacy of the financial arrangements in place within the council.</p> <p>The examination of the year-end accounts and supporting documentation has further confirmed that the Clerk acting as Responsible Financial Officer has undertaken the administration of the Council’s financial affairs in a sufficient manner to ensure that standards are being met that the provision of financial management information has enabled the Council to make well-informed decisions.</p> <p>Recommendations made and/or commentary provided are to enhance the governance systems in place as opposed to detract from the positive assurance that can be given as to the way the council’s finances are being managed.</p> <p><i>For further information and for the year effective 1st April 2026 please refer to Governance and Accountability for Smaller Authorities in England - A Practitioners' Guide to Proper Practices to be applied in the preparation of statutory annual accounts and governance statements - March 2026.</i></p>	
Subject & tests conducted	Comments/Recommendations
<p>1. Proper book-keeping. Examination of</p> <ul style="list-style-type: none"> • Cashbook • Reconciliations of cashbook 	<p>The Council continues with its use of the Scribe Accounting Financial Package which is a purpose-built accounting system for town and parish councils and can produce reports on an Income and Expenditure basis. The Clerk has used the full accounting package to ensure that transactions are allocated to cost codes to reflect the budgetary responsibility of its standing committees. The system allows multiple users to access the details of the financial transactions of the council thereby ensuring that a full audit trail is available to members.</p> <p>An analysis of the accounting procedure ensures that the Responsible Financial Officer (RFO) Clerk continues with using the financial package to achieve an accurate presentation of an authority's true financial position by focusing on the balance of economic benefits that it has under its control, rather than just its bank balance. Clear financial management information is provided to the Council on both a monthly and annual basis.</p> <p>Council continues with its use of Microsoft SharePoint Team Site to ensure that councillors and members of the public have access to the relevant financial data for each meeting.</p>

THAXTED ANNUAL INTERNAL AUDIT – 2025-2026

	<p>Spot checks were made and were found to be correct. Cash books are reconciled on a regular basis.</p>
<p>2. Compliance with laws, regulations and proper practices. Examination of:</p> <ul style="list-style-type: none"> • Standing Orders and Financial Regulations • Compliance • Annual Review • Adherence <p>Appointment of Responsible Financial Officer</p>	<p>The Standing Orders, as seen on the Parish Council's website show a review date of Juen 2025 having been reviewed and adopted by the Finance Committee at its meeting of 20th June 2025 and are based on the latest model published by the National Association of Local Councils (2025) with appropriate amendments. Council shows awareness of the requirement to ensure that its Standing Orders are fully tailored to the council and that in accordance with proper practices, they are regularly reviewed and it should seek to ensure that they are fit for purpose and contain up-to-date provisions.</p> <p>Financial Regulations (FR), as seen on the Council's website show a review date of June 2025 and are based on the NALC Model Financial Regulations 2025.</p> <p>Council has ensured that the regulations are fully tailored to the parish council by completing the areas within the curly brackets which indicate words, sentences or sections that can be removed if not applicable or amended to fit the council's circumstances.</p> <p>The Council, in accordance with proper practices and with reference to section 151 of the Local Government Act 1972, has employed a Responsible Financial Officer (RFO) who is responsible for the financial administration of the authority. Council's own Financial Regulation 1.5 confirms that the Clerk has been appointed as the RFO for this council and that the regulations will apply accordingly.</p>
<p>3. Preparation of Accounts: Payment Controls Examination of:</p> <ul style="list-style-type: none"> • Cash book entry • Supporting paperwork • Minuted approval • Review of method of payment • VAT identified, reported and reclaimed • Review of estimates, quotes and tenders • Power to Pay 	<p>VAT is identified in the cash book and reclaimed on a regular basis. The Clerk uses the accounts software to fulfil the Making Tax Digital requirements.</p> <p>The year-end figure of £976.78 is verified and evidenced on the Trial Balance on 31st March 2026. It is correctly recorded as a year-end debtor. Settlement of the reclaim by HM Revenue and Customs is recorded as having been submitted for reclaim in May 2026.</p> <p>The Internal Auditor undertook sample tests to ensure that the VAT element within payments is being clearly identified and appropriately accounted for within the accounting system. For the period under review, the RFO has ensured that VAT has been appropriately identified in relation and correctly coded according to the council's business and non-business activities within the financial records of the software used thereby confirming that robust arrangements are in place for managing its</p>

	<p>responsibilities regarding VAT. <i>Comment: council has ensured that it has complied with section 33 of the 1994 VAT Act which allows local authorities and other public bodies to recover VAT incurred on costs associated with: non-business activities, taxable business activities where the body is VAT registered (subject to the normal rules), and exempt business activities (where the input tax incurred in relation to exempt activities is considered to be insignificant).</i></p> <p>A selection of random payments including all single payments over £2,500 were cross checked against payment authorisation forms, cash book, bank statement and invoices and all were found to be recorded/authorised in accordance with Proper Practices. A further spot check of items paid via the BACS/Direct Debit system from the Council's Accounts were cross checked against cashbook, bank statements and invoices. All were found to be in order. A spot check of payments made under contractual terms were further analysed and all were found to be in accordance with agreed schedules and sums approved.</p> <p>Council continues with its procedure, in accordance with Council's Financial Regulation 7.6 – 7.7, of retaining a two-tier security system for payments which are settled by the BACS system. The system ensures that the instructions for each payment are signed by two authorised bank signatories and evidence is retained showing which members approved the payment online. The RFO also ensures that liabilities settled by standing order payments and direct debits incurred for the month are submitted to full council in accordance with council's own standing orders and financial regulations. <i>Comment: This not only protects the RFO but fulfils an internal control objective to ensure the safeguarding of public money.</i></p> <p>As previously noted, at the meeting of 8th June 2023, Council, having reconfirmed that it fulfilled the eligibility criteria to use the power (at least two-thirds elected members and a qualified Clerk (CiLCA or higher)) for the next four years and resolved that, in accordance with the Localism Act 2011, it would exercise the GPC until the next ordinary election in 2027. The Council, at its Annual Council meeting of 5th May 2025, reconfirmed that the Council had retained the General Power of Competence (GPC).</p> <p>Council operates a community grants programme which is aimed at providing financial support to organisations undertaking activities for the benefit of the residents of Thaxted. For the period under review, no grants have been awarded. Budget is noted as having been set at £2,800 with payments totalling £2,850. The Council operates the grants or donations within the remit of its eligibility criteria and funding priorities as</p>
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THAXTED ANNUAL INTERNAL AUDIT – 2025-2026

	<p>outlined on its website.</p> <p>Recommendation: whilst grants approved for the year under review can be seen on the council’s website within the minutes for the year, to ensure full compliance with the requirements of the Transparency Code, council should ensure that it publishes a list of the grant recipients for the years 2025 - 2026 on the website, and that it abides by the publication requirements of the code under paragraphs 42 and 43.</p> <p>The cashbook also details payments made under s137 and the RFO ensures that payments made are in accordance with the budget set with reference to the statutory limit for such expenditure. Expenditure for the year totalled £40.00.</p> <p><i>Comment: the RFO continues to ensure that the Council is aware that the use of S137 of the LGA 1972 (as amended by the Local Government and Housing Act 1989 s36) in granting donations is a capped expenditure and gives the Council the power to incur expenditure which in their opinion is in the interests of and will bring direct benefit to their area or any part of it or all or some of its inhabitants. The benefit obtained must be commensurate with the expenditure incurred and the annual expenditure must not exceed the total electorate multiplied by the annual statutory limit per elector.</i></p>
<p>4. Compliance with laws, regulations and proper practices.</p> <p>Examination of:</p> <ul style="list-style-type: none"> • Standing Orders and Financial Regulations • Compliancy • Annual Review • Adherence <p>Appointment of Responsible Financial Officer</p> <p>Role of Proper Officer</p>	<p>The Standing Orders, as seen on the Parish Council's website show a review date of Juen 2025 having been reviewed and adopted by the Finance Committee at its meeting of 20th June 2025 and are based on the latest model published by the National Association of Local Councils (2025) with appropriate amendments. Council shows awareness of the requirement to ensure that its Standing Orders are fully tailored to the council and that in accordance with proper practices, they are regularly reviewed and it should seek to ensure that they are fit for purpose and contain up-to-date provisions.</p> <p>Financial Regulations (FR), as seen on the Council’s website show a review date of June 2025 and are based on the NALC Model Financial Regulations 2025.</p> <p>Council has ensured that the regulations are fully tailored to the parish council by completing the areas within the curly brackets which indicate words, sentences or sections that can be removed if not applicable or amended to fit the council’s circumstances.</p> <p>The Council, in accordance with proper practices and with reference to section 151 of the Local Government Act 1972, has employed a Responsible Financial Officer (RFO) who is responsible for the financial administration of the authority. Council’s own Financial</p>

THAXTED ANNUAL INTERNAL AUDIT – 2025-2026

	<p>Regulation 1.5 confirms that the Clerk has been appointed as the RFO for this council and that the regulations will apply accordingly.</p> <p>A review of the agendas uploaded to the website has shown that, on occasions, the Proper Officer has not signed or authenticated the Agenda. Council is reminded of Standing Order 15 which states that the Proper Officer should be either the clerk or other staff members nominated by the Council to undertake the work of the Proper Officer. The clerk has been appointed to the role of Proper Officer and as such is under a statutory duty to carry out all the functions, to serve or issue all the notifications required by law of a local authority's Proper Officer.</p>
<p>5. Risk Management.</p> <p>Evidence of financial risk management</p> <ul style="list-style-type: none"> • Review of risks associated with <ul style="list-style-type: none"> ➢ Financial Management ➢ Governance ➢ Building/ Assets • Annual Review and Minuted • Insurance in place <ul style="list-style-type: none"> ➢ Adequate ➢ Reviewed • Fidelity Guarantee Cover Insurance <ul style="list-style-type: none"> ➢ Adequate ➢ Reviewed • Internal Controls documented and regularly reviewed 	<p>At the meeting of 12th March 2026, full Council adopted a Risk Management Policy as a standalone policy, replacing Part 2 of the adopted "Enhanced IT Risk Policy" document. The policy aims to provide clear, dedicated governance for risk management across all council operations and identifies those responsible for maintaining the register, reporting frequencies and confirms the frequency of review periods. It also covers the manner in which high risks would be reported to the Council.</p> <p><i>Comment: by having an overarching policy for risk management allows council to have a structured governance framework for reporting risks ensuring that the risks are escalated to and managed at the right level.</i></p> <p>To ensure transparency and accountability, council should seek to upload the risk register to the website at the earliest opportunity.</p> <p>Council, being aware that its risk assessment needs to focus on the safety of the parish council's assets and in particular its money, has provided evidence that overall, the parish council has taken action to identify and assess those risks and has considered what actions or decisions it needs to take during the year to manage in order to avoid financial or reputational consequences. Council continues to ensure that it acts within the sphere of the internal controls as adopted, and is able to demonstrate that in accordance with Proper Practices and with reference to the Accounts and Audit Regulations 2015, it has in place safe and efficient arrangements to safeguard public money and that a regular review of the safety of the parish council's assets and in particular its money, as part of the methodical manner in which Council addresses the risks associated with the activities and services it provides.</p> <p><i>Comment: council has ensured that it identifies and assesses both the financial and operation risks of the council which should be formally recorded and should include controls/mitigation and be formally reported and considered by the parish council annually.</i></p>

THAXTED ANNUAL INTERNAL AUDIT – 2025-2026

	<p>At its meeting of 8th May 2025, full Council having reviewed the renewal insurance documentation, agreed to renew with Ansvar Clear Council Insurance under a Charity and Community Policy. Core cover shows the following: Public Liability £10,000,000; Employer’s Liability £10,000,000 and Fidelity Guarantee Cover is £500,000 which is at or above the current recommended guidelines which provide that the cover should be at least the sum of the year-end balances plus 50% of the precept/grants. <i>Comment: Fidelity Guarantee cover at £250,000 is in accordance with guidance, which provides that the cover should be at least the sum of the year-end balances plus 50% of the precept/grants to be received in the following April/May. Council has ensured that balances and cash flow are monitored to ensure that cover is appropriate as balances increase.</i></p> <p>Premises cover in term of buildings and contents is shown for five identified buildings with all risk cover for municipal infrastructure in the parish of Thaxted. <i>Comment: in accordance with Proper Practices, Council has identified its key risks and taken steps to manage them in a way which it can justify to a level which is tolerable by transferring the risk and buying in services from specialist external bodies and taking out insurance. Overall Council has understood the requirement to have in place safe and efficient arrangements to safeguard public money.</i></p> <p>At the meeting of 5th March 2026, Council formally reviewed its governance obligations arising from its growth as a parish council. The meeting noted that governance structures were needed for formalised delegation and documented decision making. The internal control environment review covered the requirement to document, test and evidence all financial and operational controls for external audit. A review of the previously adopted internal controls provides confirmation that the specific control procedures for payments by bank transfer or other electronic means are in place and being used and that Council continues to have in place an adequate process to protect the Council against payment of invoices which may show fraudulent bank account details. Such a review continues to demonstrate that Council has taken steps to continue with the process that was in place during previous years which enables it to identify, assess and record the control mechanisms in place to ensure that all reasonable steps are taken to safeguard and protect public finances. <i>Comment: Council has ensured conformity with the requirements of Regulation 6 of the Accounts and Audit Regulations 2015 and formally reviewed the effectiveness of its system of internal control.</i></p>
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THAXTED ANNUAL INTERNAL AUDIT – 2025-2026

	<p>A scan of the minutes did not give rise to any unusual financial activity and there were no actions of a potentially unlawful nature being considered.</p>
<p>6. Budgetary controls. Examination of:</p> <ul style="list-style-type: none"> • Verification of process of setting of budget • Monitoring of budget 	<p>As previously advised, Full Council, at its meeting of 11th December 2025, following the recommendation from the Finance Committee at its meeting of 20th November 2025, resolved to set a budget for 2026 – 2027 in the sum of £159,076. Links from the minutes to the budget being set were seen online.</p> <p><i>Comment: in accordance with proper practices, council is aware that it should evidence, within the minutes, the actual budget being set alongside the reasoning for such a budget thereby ensuring transparency in the budgetary process followed by the council.</i></p> <p>Full Council approved the budget for 2025 – 2026 at its meeting of 9th January 2025. There was no indication within the minutes as to the revenue budget being set nor the manner in which it is to be funded. Ascertained from paperwork in the agenda public packs, the budget was set at £171,282.00 to be fully funded from the precept (£152,482.00) and known income streams.</p> <p>The Clerk/RFO uses the financial suite to provide detailed budgeting reports on a cost centre as well as at a coding level allowing for analysis of the actual figures to date, for both receipts and payments and forecasting values including comparisons with previous and future financial years' values with current values.</p> <p>For the coming year 2026 – 2027, at the meeting of 11th December 2025, council approved the council tax requirement for 2026 - 27 by setting a budget and a precept of £159,076.00 to be issued to Uttlesford District Council (the billing authority), in accordance with Section 41 of the Local Government Finance Act 1992. This would equate to a Band D property £110.19, an increase of £4.24 which equated to 4% on the previous year.</p> <p>For the year 2025-2026, at the meeting of 9th January 2025, council confirmed the recommendation to set the precept to be levied on the parishioners of Thaxted at £152,482.00. The minutes demonstrate that this would result in a Band D property paying £101.05 per annum, an increase of £4.90 when compared to the 2024 - 2025 year.</p> <p><i>Comment: Council has followed best practice by expanding the minutes to show not only the percentage (%) but also the financial increase (£) the precept being set would have on a Band D Council Tax dwelling, considering the movement in the tax base, over that set for the previous year.</i></p>

THAXTED ANNUAL INTERNAL AUDIT – 2025-2026

	<p>A review of the budget including detailed income and expenditure position is reported to the Council in accordance with council’s own Standing Orders. Evidence was seen of budget report to actual with committed expenditure and breakdown of EMR funds available. The Council demonstrates good financial practice by regularly considering a comparative statement – the Budget to Actual Statement – for budgetary control purposes. Variances in the actual versus expenditure are noted and explanations provided for the variances in expenditure to actual and income to actual. As outlined in the interim audit reports the Budget to Actual monitoring reports for the 1st Quarter and 2nd Quarter of 2025-2026 were presented to and considered by the Finance Committee during the year. The 3rd Quarter Review of the budget including detailed income and expenditure position was reported to the Finance Committee on 5th March 2026, with the minutes providing confirmation that the report was so received.</p> <p>Council ensures that virements between budgets are considered by full Council as and when they arise, subject to FR 4.4, which states that “Unspent funds for partially completed projects may only be carried forward by placing them in an earmarked reserve. Unspent and available amounts may be moved to other budget headings or an earmarked reserve as appropriate ('virement'). The Clerk/RFO are authorised to vire monies only within the Committee Cost centres to a maximum of £4,000 per item. A transfer of unspent funds between Committees must be approved by the relevant committee.”</p>
<p>7. Income controls. Examination of:</p> <ul style="list-style-type: none"> • Precept • Other income • Debtors 	<p>As previously reported, Council received precept in the sum of £152,482 from Uttlesford District Council for the period under review on 30th April and 30th September 2025 as reported to the Finance Committee at its meeting of 20th June 2025 and 3rd October 2025. Evidence was provided showing a full audit trail from Precept being discussed and approved to being served on the Charging Authority to remittance advice showing the Precept to be paid and receipt of same in the Council’s Bank Account.</p> <p>Testing of randomly selected receipts paid under BACS / Direct Credit into the council's accounts were cross checked against cashbook, bank statements and invoices raised by the council. All were found to be in order with a clear underlying audit trail.</p> <p>Council continues with its preferred settlement of market holders paying their rents via the banking automated system direct into the council’s bank account. Council has ensured that appropriate controls procedures and documentation are in existence for</p>

THAXTED ANNUAL INTERNAL AUDIT – 2025-2026

	<p>the renting of market stalls to allow for a clear audit trail through invoicing and recovery of all such income.</p> <p>A cross check of money received via the banking system against a list of allotments holders was conducted and found to be in order. Annual invoices are raised against the appropriate signed tenancy agreements and debtors are adequately monitored. Council also uses a payment system (Stripe) to allow individuals and businesses to settle financial transactions with the council through the online transfer of money. Statements are produced monthly showing fees collected and sums owned to the council with detailed references as to the transactions taking place. The statements for the final quarter of the year 2025-2026 were interrogated to ensure that there are procedures in place for the handling of such transactions including the requirement to verify income received against statements and the financial records of the council. All were found to be in order.</p> <p>Following the recommendation raised within the 2nd interim internal audit report in relation to the increase in the debtor days figure from this year to the last with an indication that there is insufficient provision for bad debt, the Finance Committee, at its meeting of 5th March 2026, approved a formal credit control policy to be prepared by the Clerk/RFO for presentation to Full Council for consideration and adoption.</p> <p>At the meeting of 16th April 2026, the Council received and noted the Year End Debtors Report for the year ending 31st March 2026, reflecting total outstanding debtors of £2,524.00. The Assistant Clerk advised members that all allotment monies were not part of the debt, but purely an administrative error.</p> <p>It is also confirmed that at the meeting of the Finance Committee of 5th March 2026, in accordance with Proper Guidance, Members considered the list of uncollectible amounts, including bad debts, and agreed that the write-off of debts totalling £920.80 by the RFO in accordance with Financial Regulation 13.3 be ratified.</p> <p><i>Comment: Council has demonstrated that it understands that bad debts or uncollectible amounts can only be written off with the approval of members, or under delegated authority by the RFO and that such approval should be shown in the accounting records.</i></p> <p>At the meeting of 10th April 2025, the Finance Committee carried out a review in its consideration of its fees and charges and resolved to approve the full Fees and Charges, including the Guildhall with a blanket 15% residents rate reduction. At a further meeting</p>
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THAXTED ANNUAL INTERNAL AUDIT – 2025-2026

	<p>of the Finance Committee on 20th November 2025, approval was given for an increase to the fees and charges for market rent casual traders.</p> <p><i>Comment: the Clerk has ensured that council is aware that where it has self-generated income (other than the precept) it should consider situations that may lead to a loss of revenue as well as increased costs and ensure that appropriate measures are put in place to account for significant impacts to this revenue stream. Council is mindful of its own Financial Regulation 13.2 which requires all fees and charges to be reviewed on an annual basis.</i></p>
<p>8. Petty cash/expenses procedure.</p>	<p>Council does not operate a petty cash system.</p>
<p>9. Payroll controls. Examination of:</p> <ul style="list-style-type: none"> • Management of payroll • PAYE/NIC system in place • Compliance with HMRC procedures • Records relating to contracts of employment • Compliance with Pensions Duties • Treatment of expenses 	<p>The council's payroll service is outsourced and has been operated properly and overseen by the council as an employer. The council is a member of the Local Government Pension scheme (LGPS) as administered by Essex County Council.</p> <p>At the period end Council had four employees on its payroll, one of which is a member of the Local Government Pensions Scheme as operated by Essex County Council.</p> <p>The payroll function continues to be carried out by J & M Payroll Services and is operated in accordance with HM Revenue and Customs guidelines. Cross-checks were completed on a sample of payments covering salary, PAYE and pension contributions and these were all found to be in order. In accordance with Proper Practices, PAYE taxes and employee and employer National Insurance contributions (NIC) are calculated and recorded for every employee. Deductions are paid to HM Revenue and Customs and Essex County Council on or before the dates prescribed.</p> <p><i>Comment: There are robust payroll arrangements in place which ensures the accuracy and legitimacy of payments of salaries and wages, and associated liabilities and as such the Council has complied with its duties under employment legislation and has met its pension obligations.</i></p> <p>Salaries are paid in accordance with contracted hours worked and timesheets for office staff and labour including those for overtime.</p> <p>It is noted that the Personnel Committee, at its meeting of 20th November 2025, resolved to commission a review on current staffing levels to include re-evaluation of job roles to ensure that council was able to maintain the standards in terms of governance, transparency, fiscal responsibility and service to the growing community. Job and role</p>

THAXTED ANNUAL INTERNAL AUDIT – 2025-2026

	<p>evaluations would be contracted to be carried out to Local Council consultancy. Once this report has been produced, the item is to be returned to the personnel committee for full consideration. The Draft minutes of 5th March 2026 confirm that the report was received and the findings and recommendations in relation to the salary gradings of the Parish Clerk and RFO and Operations/Admin Assistant were approved. The impact on the budget was received and noted.</p> <p>Payroll records are held securely by the Clerk to the council. All staff are paid at the agreed rate of pay as outlined in the 2025 agreement for Local Government Services Pay (as issued by the National Joint Council for Local Government Services).</p> <p>Electronic payments to all staff are made, in accordance with the approved procedure for accounts payable and as outlined under Financial Regulations 11.4. The payments to staff by bank transfer are ratified at meetings of the Council in accordance with Financial Regulation 11.6.</p> <p>The Council continues with the retention of the services for ongoing support on Human Resource matters including the updating of employment contracts, staff handbooks and all necessary employment related documents and written procedures.</p>
<p>10. Bank reconciliation. Examination of:</p> <ul style="list-style-type: none"> • Reconciliations • Cashbook • Bank Statements 	<p>Bank reconciliations are completed on a regular basis and reconcile with the cash sheets. Overall, there is regular reporting of bank balances within the detailed financial reports submitted to the Parish Council and Finance Committee Meetings. The review of the bank reconciliation statement in comparison with the balance in its accounting records with its bank account balance allows the council an understanding of the discrepancies that may arise between the two at a given point in time. The bank reconciliation statement is a valuable internal tool that can affect financial reporting and detect errors, duplications and intentional fraud.</p> <p>A review of the bank reconciliation for the period October 2025 to March 2026, gave no cause for concern and reassurance is provided that the software that automates bank reconciliation has assisted in reducing any errors associated with manual processing.</p> <p><i>Comment: council is aware that, in accordance with Proper Practices, the bank reconciliation is a key tool for management as it assists with the regular monitoring of cash flow which aids decision-making, particularly when there are competing priorities. In accordance with Proper Practices.</i></p>

THAXTED ANNUAL INTERNAL AUDIT – 2025-2026

	<p>Council has taken steps to ensure that it can evidence that it is working in accordance with guidance issued within Proper Practices which state that bank reconciliations should be prepared routinely, subject to independent scrutiny and signed by members with a regular minute to record the activity undertaken. It is confirmed that once in every quarter, a member other than the Chair is appointed to verify bank reconciliations (for all accounts) produced by the RFO.</p> <p>Detailed Balance Sheets along with Detailed Profit and Loss Account Reports are also submitted in accordance with the timescales prescribed within council's Standing Orders and form part of the minutes that are retained in hard copy by the council. <i>Comment: Regular reporting of bank balances to a town council is essential to ensure transparency in the financial activities of the council, allowing the public to see how the money is being managed and spent and to ensure that the council remains accountable for the use of public funds, ensuring that the money is spent in accordance with the council's budget and financial policies.</i></p> <p>With reference to the recommendation made within the internal audit report for the year ending 31st March 2025, council adopted an internal control document at its meeting of 6th November 2025. The document will provide effective evidence that appropriate measures are in place to assess the mitigation process in place to address the risk associated with the management of public finances. <i>Comment: in accordance with the outstanding recommendation, Council should seek to ensure that a written report of the quarterly review of the system of internal control is received and reviewed by the Finance Committee, under delegated authority.</i></p> <p>Bank balances on 31st March 2026 agree with the period-end the data obtained from the financial accounting system used by the RFO and stand at £393,049.92 which are broken down as follows: Current Account: £9,832.35 Direct Savings Account: £171,836.33 Deposit Account: £211,381.24 <i>Comment: Overall, Council has considered the guidance as per Proper Practices on the treatment of investments which states that it is unusual for an authority to hold its reserves other than in the form of easily accessible bank deposits or other short-term investments.</i></p> <p>The revised Investment Strategy (as adopted at the full Council meeting of 12th March</p>
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THAXTED ANNUAL INTERNAL AUDIT – 2025-2026

	<p>2026) has provided the Council with the opportunity to ensure that it is able to examine the risks involved in holding sums with one bank and has sought to look to examining the benefits of placing funds within a range of accounts. The policy states that the Council will utilise a mixture of 32-day notice accounts and treasury investments and a flexible and prudent investment strategy will be proposed.</p> <p>The Clerk ensures that the council follows proper practices by complying with Financial Regulation 6.8(iv) for the ratification of the movement of money between the Council’s own bank accounts.</p> <p>Full Council, at its meeting of 12th March, reviewed and agreed amendments to its Investment Policy thereby ensuring that it defined the authorisation, investment reports and responsibility for its investments. Council has ensured that the policy follows guidance which regards short-term investments as being those that are denominated in pounds Sterling; can be realisable at full value on demand or have a maturity date of less than 12 months; can be accessed in its entirety without any reduction and is not subject to unreasonable risk.</p> <p><i>Comment: council might wish to ensure that the policy references the steps taken by the Council to assess the counterparty for any such investments and satisfy themselves that the sum invested is not subject to unreasonable risk.</i></p>
<p>11. Asset control. Examination of:</p> <ul style="list-style-type: none"> • Asset Register • Recording of fixed asset valuations • Cross checking on insurance cover 	<p>The asset register for the year-ending 31st March 2026 was reviewed for appropriateness and accuracy and will be submitted for formal approval at the full Council meeting in June 2026.</p> <p>The asset register, as reviewed, reflects those items listed under insurance and within the parish council's remit for maintenance and ownership and is held under a separate file. During the year under review, the RFO has ensured that there is full integration between the asset register and the Scribe Accounting system. Where assets have been gifted or where there is no known value, a proxy value of £1 has been applied. The register details assets held by the Council which have been defined as Fixed Assets and stands at £1,195,030.00 which have a useful life of more than one year and are used by the parish council to deliver its services</p> <p><i>Comment: Council follows the requirements for smaller authorities to record each asset at its original purchase cost or were the original purchase cost is unknown at the time of first recording on the asset register, a current value is recorded, which acts as a proxy value to the original cost and will remain unchanged until disposal.</i></p> <p>There are appropriate measures in place to allow for the tracking of additions and disposals from the previous year to the current year and the financial software allows</p>

THAXTED ANNUAL INTERNAL AUDIT – 2025-2026

	<p>for the tracking and management of the assets held. There were no acquisitions in the year under review nor were there any disposals. For comparison, the overall value on 31st March 2025 was recorded as £1,195,030.00.</p> <p>The overall value of £1,195,030 will form the basis of Box 9 of the Annual Governance and Accountability Guide and includes long term investments as at year-end.</p> <p>From a review of the asset register, alongside the insurance cover provided, confirmation is given of the overall adequacy of cover of insurance for the ensuing year. Appropriate insurance is in place based on policy declared values. Premises cover is shown for five identified premises with all risk cover for items listed under generic headings for those located within the boundaries of Thaxted. Council has ensured that the fixed asset value for any individual item will not usually be altered from year to year (unless a material enhancement has taken place). Council is aware that assets that are either under construction or are materially enhanced should only be included in the asset register once they are complete and they benefit the community.</p>
<p>12. Year-end procedures. Examination of:</p> <ul style="list-style-type: none"> • Appropriate accounting procedures used • Bank Statements and Cash Book agree • Has the appropriate end of year AGAR documents been completed? • Where an authority certified itself exempt in 2025 did it met the exemption criteria and correctly declared itself exempt? 	<p>The Internal Auditor confirms that having reviewed the year-end files, there is a full underlying financial trail from financial records to the accounts produced. Debtors and creditors have been properly recorded and the RFO has continued to ensure that the Council’s accounting software contains and records details on its assets and liabilities including the asset and investment register and other debts.</p> <p>Year-end balances agree with cash book and bank reconciliations:</p> <p>VAT Account: £976.78 Debtors: £2524.00 Bank Accounts: £393,049.92 less Creditors: -£1,480.00 Receipts in Advance: £860.00 Represented by: Total Reserves: £397,170.70</p> <p>As is generally recognised, council using a proprietary accounting software will be able to accurately track transactions that will allow for comparisons over differing accounting periods.</p> <p><i>Comment: Council is aware that its balance sheet provides a snapshot at a given point in time of the council’s net worth thereby identifying its assets and liabilities and that year-end procedures allow the Council to ascertain the result of either a surplus or a deficit for the year under review.</i></p> <p>As such the council will be required to complete the Annual Governance and</p>

THAXTED ANNUAL INTERNAL AUDIT – 2025-2026

	<p>Accountability Return (AGAR) Form 3. The Annual Return from the Financial Accounting software package was submitted for internal audit review and it is assumed that the figures contained therein will be replicated in their entirety onto the Accounting Statements (Section 3 of the AGAR) prior to submission to the council for formal approval. The Internal Auditor has fully completed the Annual Internal Audit Report of the AGAR (Form 3) on this basis.</p>
<p>13. Exemption from a Limited Assurance Review</p>	<p>For the year ending 31st March 2025, council could not claim exemption from a limited assurance review as it failed to meet the following criteria:</p> <ul style="list-style-type: none"> • Its gross income and gross expenditure are both below £25k; and • no public interest report/statutory recommendation/advisory notice/judicial review/application to court re unlawful item of account has been issued by its external auditor in the prior year; and • the reporting year is not one of the authority’s first three years of existence.
<p>14. Period for the Exercise of Public Rights set in accordance with the Audit & Accounts Regulations of 2015 in relation to the year 2024-2025 Examination of:</p> <ul style="list-style-type: none"> • Dates set for 2024-25 	<p>The internal auditor is able to confirm that the period for the public rights exercise covered the period 3rd June to 14th July with the notice being dated 13th May 2025. <i>Comment: within the Annual Internal Audit Report, internal control objective test M requires the internal auditor to establish whether the parish council correctly provided for the exercise and published a copy of the required “Public Notice” by ensuring that it clearly identified the statutory 30 working day period when the Authority’s records are available for public inspection. This is evidenced by the notice on the website which contains the period for the exercise of public right; details of the way the documents can be inspected; the name and address of the external auditor and the provisions as contained under section 25 and section 27 of the Act.</i></p>
<p>15. Have the publication requirements been met in accordance with the Audit & Accounts Regulations of 2015. Examination of:</p> <ul style="list-style-type: none"> • Publication requirements for the year 2024-2025 	<p>The Internal Auditor is able to confirm that the Council has complied with the requirements of the Accounts and Audit Regulations 2015 for smaller authorities with income and expenditure exceeding £25,000, as it has published the following for the year 2024 - 2025 on a publicly accessible website:</p> <ul style="list-style-type: none"> • Section 1 – Annual Governance Statement of the AGAR - unaudited • Section 2 – Annual Accounting Statements of the AGAR – unaudited • Notice of the period for the exercise of public rights • Notice of Conclusion of audit • Section 3 – External Auditor Report and Certificate • Sections 1 and 2 of the AGAR including any amendments as a result of the limited assurance review <p><i>Comment: council is aware that all documentation relating to the year ending 31st March</i></p>

THAXTED ANNUAL INTERNAL AUDIT – 2025-2026

	<p>2026 (Section 1 – Annual Governance Statement of the AGAR – unaudited; Section 2 – Annual Accounting Statements of the AGAR – unaudited and Notice of the period for the exercise of public rights) is uploaded to the council’s website prior to the commencement of the period of public rights and prior to 1st July 2026 (whichever comes first).</p>
<p>16. Internal Audit: Examination of:</p> <ul style="list-style-type: none"> • Reporting of Previous Internal Audit Reports • Review of internal audit • Appointment of internal auditor 	<p>The 2nd Interim Internal Audit Report for the year 1st April 2025 to 31st March 2026 was formally considered by the Finance Committee on 5th March 2026 with the minutes demonstrating that Members resolved that both interim audit reports (November 2025 and February 2026) be formally recommended to Full Council at its March 2026 meeting, in support of Assertion 7. There is also a clear reference in the minutes of 5th March 2026, that Members resolved that an action plan be produced setting out the areas of improvement required, any proposed remedial actions and the members or officers responsible for delivering improvement and the deadline for the completion of these actions.</p> <p>The minutes of full Council of 12th March 2026, provide confirmation that, as recommended by the Finance Committee, the two interim Internal Audit Reports for the year ending 31st March 2026 were presented to the Council for receipt and notation, pursuant to Financial Regulation 3.12.</p> <p><i>Comment: whilst the terms of reference for the Finance Committee state that it is to receive the annual Statement of Audited Accounts and the Reports of both the External and Internal Auditors, it has noted the requirement that, based upon the reports received, it is tasked with making recommendations to the Council on any actions required.</i></p> <p>The following matters were raised as recommendations in the first and second interim internal audits. Those in bold are outstanding and council is seeking to address the areas identified:</p> <p><i>From first interim audit</i></p> <ol style="list-style-type: none"> 1. Contracts sought – compliance with publication requirements for Section 31 of the Transparency Code 2015 2. Contracts awarded – compliance with publication requirements for Section 32 of the Transparency Code 2015 3. The reviewed / adopted Investment Policy should be uploaded onto the council’s website. 4. Review of the information contained within the Freedom of Information Act to comply with the duty to adopt and maintain the scheme. <p><i>From second interim audit</i></p> <ol style="list-style-type: none"> 5. Quarterly review of the system of internal control using the devised control tests via the council appointed member.

THAXTED ANNUAL INTERNAL AUDIT – 2025-2026

	<p>6. Review of credit control procedures 7. Review of the risks associated with the holding of funds with one bank. 8. Review of policy wording within the Investment Policy. 9. Minute reference of the review of the internal audit report along with the actions planned to set out the areas of improvement. 10. Conduction of regular data audits to identity the personal data held. 11. Review of the Remote Meeting Policy to ensure that it adheres to the LGA 1972.</p> <p>In accordance with the Accounts and Audit Regulations 2015, the Parish Council formally reviewed the scope and effectiveness of its internal audit arrangements within the meeting at which the independent internal auditor was appointed for the year under review.</p> <p>Mrs Waples was confirmed as being appointed to act as the parish council’s independent internal auditor for the year 2025-2026 at the Finance meeting of 10th April 2025. The second interim internal audit date was agreed by mutual convenience and council was provided with a letter of engagement for the year 2025-2026 outlining the scope of internal audit activity; independence of the internal auditor; rights of access; reporting and remuneration. The year-end internal audit review, to which this report relates was agreed by mutual convenience.</p> <p><i>Comment: as outlined in proper practices, council has understood that it should have a letter of engagement detailing roles and responsibilities for internal audit, audit planning and timing of visits, reporting requirements; access to information; period of engagement and remuneration and that both the interim internal audit and year-end internal audit dates had been provisionally booked.</i></p>
<p>17. Digital and Data Compliance Examination of:</p> <ul style="list-style-type: none"> ● Website Accessibility Regulations ● Use of secure email and gov.uk domain name ● Adoption of an IT Policy (including use of the authority owned and personal equipment) ● Compliance with Freedom of Information Act ● General Data Protection Regulations 	<p>Assertion 10 has now been added to clarify data compliance (previously covered under Assertion 3). To warrant a positive response, the authority needs to have taken the following actions:</p> <ul style="list-style-type: none"> ● Meet the Web Content Accessibility Guidelines 2.2 AA and the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018. ● Have a generic email account hosted on an authority owned domain ● Must have an IT policy. ● Must follow both the General Data Protection Regulation (GDPR) 2016 and the Data Protection Act (DPA) 2018. ● Must process personal data with care and in line with the principles of data protection.

<p>(GDPR) - Compliancy with GDPR requirements</p> <ul style="list-style-type: none"> • Transparency code requirements 	<ul style="list-style-type: none"> • Must publish documentation as specified in the Freedom of Information Act 2000 and the Transparency code for smaller authorities (where applicable). <p>Council has a website accessibility statement on its website detailing the technical information of the website along with the methods used for testing the website; the steps being taken to improve accessibility and how the site is being improved to ensure that content meets the WCAG 2.2AA Standard under Regulation 8 of the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018. The website was last tested on 14th November 2025 with the statement confirming that the test was carried out by Thaxted and its web designer https://www.suffolk.cloud/ The areas tested covered the main website platform pages, available at https://www.thaxted-pc.gov.uk. A full report of the full test performed is available upon request. When accessibility issues are identified, the council’s statement states that they aim to work within a reasonable period to resolve those issues where possible.</p> <p><i>Comment: Council is aware that the statement should be kept under regular view (Section 5.123 of the Practitioners’ Guide 2025) and applicable amendments incorporated with regards to non-accessible documents and points of contact).</i></p> <p>The Council has a GOV.UK domain for its council website which also supports a secure and digitally managed email system. Council is aware of the importance of ensuring that it uses a secure e-mail system with a gov.uk address thereby identifying that it has local government status and demonstrating authenticity when building trust and credibility with the public. Council has also adhered to the guidance contain within proper practices which recommends that a GOV.UK domain name be used to support council’s official email accounts for officers and councillors. In accordance with guidance issued, the RFO is able to add and remove member and staff email accounts via the Council’s nominated IT company.</p> <p>Council has adopted a policy that mandates the use of authority-owned email accounts for official business and provides guidelines to ensure that all communications are conducted in a manner that is consistent with the overarching obligations and standards of the parish council. At the meeting of full Council of 12th March 2026, council adopted an Information Technology Policy 2025 covering the use of IT equipment for authority business for both Staff and Councillors.</p> <p><i>Comment: council is advised to ensure that the policy is uploaded to its website at the earliest opportunity.</i></p>
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	<p>The Council is correctly registered with the Information Commissioner’s Office (ICO) as a Data Controller in accordance with the Data Protection Legislation.</p> <p>The council’s adopted (2017) publication scheme, which details the publication of information by the authority as approved by the Information Commissioner was available to view on the parish council’s website. Council has previously been advised that it should seek to review the information contained within the Freedom of Information Act to comply with its duty to adopt and maintain the scheme and ensure that the document is maintained in accordance with the provisions of the Freedom of Information Act.</p> <p>Recommendation: this is noted as an outstanding audit point.</p> <p>Council has taken active steps to ensure compliancy with the GDPR requirements and has produced a comprehensive suite of policies that provide clear responsibilities and obligations of Thaxted Parish Council in respect of the collecting, using and protecting of personal information in accordance with the provisions of the GDPR. Appropriate Data Protection policies and procedures are in place along with the lawful basis for the processing of data covered by the regulations as well as policies that deal with the effective management of its records thereby demonstrating that the Council has acted in compliance with its legal and regulatory obligations. However, the revised policies as reviewed and adopted at the meeting of the Finance Committee of 20th November 2025, and the General Policy Notice as adopted at the meeting of the Finance Committee of 5th March 2026 are still to be uploaded to the website.</p> <p>Recommendation: once reviewed, Council should aim to ensure that the policies covering the way council will show compliance with the data protection regulations are made public on the parish council operated website.</p> <p>Council is aware that, given its level of turnover, it is now subject to the Local Government Transparency Code 2015 (for those with annual turnover of income and expenditure exceeding £200,000) and is required to make certain data held and managed by the council available to the public unless there are specific sensitivities to doing so. The publication document provide full details of the information that is to be published on a quarterly and annual basis. The minutes of the Finance Committee of 5th March 2026 (as received and noted by full Council at its meeting of 12th March 2026), noted the council’s publication obligations under Sections 31 and 32 in respect of contracts exceeding £5,000 alongside the compliance requirements and the outstanding publication obligations identified in the audit report were noted.</p>
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THAXTED ANNUAL INTERNAL AUDIT – 2025-2026

	<p><i>Comment: it is noted that the Clerk/RFO will prepare a compliance plan for presentation to the next Finance Committee meeting to address this outstanding audit point.</i></p>
<p>18. Responsibilities as a Trustee Examination of</p> <ul style="list-style-type: none"> • Council’s role and responsibilities under Charity’s Acts • Submission of returns to Charity Commission 	<p>The Council acts as a sole trustee for the Recreation Ground Charity (Charity Number 301411). The Council holds separate meetings to discuss matters covering the Trust’s transactions. It is noted that the accounts for the year ending 31st December 2024 were filed with the Charity Commission’s Register of Charities on 15th July 2025 and were filed on time.</p> <p><i>Comment: as has been outlined previously, council has noted that the Charity Meetings and Accounts should be recorded separately from those of the council and an annual review should be undertaken of the level and activity of the charity along with an independent examination, if applicable.</i></p> <p>Recommendation: as council has still not been able to separate the financial accounts of the Charity from those of the parish council, it is recommended that it answers in the negative to 11b and provide an explanation to the external auditor indicating that the accounts are still combined.</p>
<p>19. Policy Review: Examination of:</p> <ul style="list-style-type: none"> • Review dates • Evidence on website • Adoption of new policies 	<p>During the year, Council undertook a review of its suite of policies with a resolution at the meeting of Full Council of 11th December 2025 to accept the recommendation from the Finance Committee of 25th November 2025, to adopt all policies on block. The minutes of the Finance Committee of 5th March 2026 provide further confirmation that the following policies were reviewed with the Policy Revision Summary providing clarity on the key changes: Electronic Equipment Policy (IT); General Privacy Notice; Media Relations Policy; Risk Management Policy; Subject Access Request – Staff Policy; Training and Development Policy and Wellbeing Policy.</p> <p><i>Comment: it is noted that the Clerk was tasked with the preparation of a draft Artificial Intelligence (AI) Policy for consideration by the Committee at its next meeting.</i></p>

Victoria S Waples

Date of Internal Audit Visits: 31.10.25, 24.02.2026 & 08.05.2026

Date of Internal Audit Report: 12.05.2026

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