

Internal Audit Report

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

Name of council:	Little Addington Parish Council		
Name of Internal Auditor:	Kate Houlihan	Date of report:	16 April 2026
Year ending:	31 March 2026	Date audit carried out:	14-16 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.

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 Chair of the Council:

The audit took place over 14-16 April 2026, and I would like to thank Ginny, the Clerk, for her time and hospitality during our audit meeting and for supplying me with documents before and after the meeting.

From speaking with Ginny I can see she is committed to undertaking training to support her role and the council are supportive of this, which is welcomed.

To complete the audit, I:

- Reviewed documents supplied by the Clerk.
- Reviewed information available on [The Parish Council – Little Addington Parish Council](#)
- Reviewed a copy of the council's cashbook.
- Met with the Clerk on 15 April 2026

The Council has a new website which is easy to navigate and complies with accessibility and privacy requirements. I know the Clerk has undertaken work to ensure the correct documentation has been copied across.

The year-end bank reconciliation was reviewed and agreed to the supporting bank statements. I followed the audit trail for transactions in July 2025, all payments were approved at a council meeting, and payments were supported by invoices and accurately recorded within the accounts

system. Budget monitoring and a very thorough check of internal controls are undertaken by councillors on a regular basis.

The asset register was reviewed and reconciled with additions and disposals being clear. The council's risk management, risk assessment, and insurance cover were reviewed during the year. Payroll is contracted out to a competent third party, giving the council additional assurance in this area. Core policies have also been reviewed and updated where needed. I have given the Clerk a copy of the current version of Model Standing Orders for the council to review. The council should review their data protection policies in the next twelve months.

The budget and precept for 2026-2027 were agreed at a meeting in December 2025, and revised in January 2026. Whilst due consideration was given to the budget, there is a regulatory requirement for the budget to be agreed before setting a precept. The minutes could be structured to make this clearer, with separate items for agreeing on the budget and then the precept. The precept figure should be clearly minuted, so there is an audit trail to the amount received from the Unitary Authority.

During my review of the minutes I noted that there are a number of standing items on the agenda, where no decision is required, and no additional information is available for the council. These items should be removed from the agenda to improve agenda management. A quarterly progress report could be presented to the council so outstanding actions are not missed. I did note that the council records alterations to the Electoral Roll in the minutes, "this may constitute a GDPR breach and should not be included in the agenda or minutes. I spoke with the Clerk about the specific and limited reasons why a parish council holds the electoral roll. Further clarity on this can be sought from NNC electoral services if required.

The Council is the sole trustee of charity number 273346 "Reading Room Fund," and the most recent annual return was filed with the Charity Commission on time. However, funds for the Reading Room continue to be held by the council, not in a separate bank account.

The council, in its capacity as sole trustee, should ensure that the charity has its own bank account. Whilst I understand that the council is planning to open a bank account for the Charity I have had to answer NO to assertion P in the Annual Internal Audit Report (AIAR). The council should take this into account when completing the annual governance statement.

As the funds belonging to the Reading Room Charity are held by the parish council they should be treated as the council's money, but owing to the Charity, and this has been correctly recorded in the Accounting Statement on the AGAR.

The parish council should also be aware that meetings where they are acting as charity trustee should be separate to those of the parish council. [The Practitioners Guide](#) gives further advice on this. (see paragraphs 5.106-5.113 appended to this report)

With the exception of assertion P, I am satisfied that effective policies and procedures, along with systems to manage, monitor, and control the council's business, are in place. Accordingly, I was able to answer 'yes' to all other relevant questions and identify areas that are not applicable to the council.

The Council was not exempt from external audit in 2024-2025 and no petty cash is held; therefore, these areas were marked as not applicable.

This report is based on the evidence made available to me. It would be incorrect to view internal audit as a detailed inspection of all records and transactions of a council to detect error or fraud.

Yours sincerely,

K Houlihan

Kate Houlihan
NcALC Internal Audit Service
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The figures submitted in the Annual Governance and Accountability Return are:

	Year ending 31 March 2025	Year ending 31 March 2026
1. Balances brought forward	22,439	31,971
2. Annual precept	16,095	16,600
3. Total other receipts	9,652	2,786
4. Staff costs	4,188	5,601
5. Loan interest/capital repayments	942	942
6. Total other payments	11,085	18,168
7. Balances carried forward	31,971	26,646
8. Total cash and investments	31,971	26,646
9. Total fixed assets and long-term assets	34,011	35,619
10. Total borrowings	3,169	2,355

The proper practices referred to in Accounts and Audit Regulations are set out in *Governance and Accountability for Smaller Authorities in England – The Practitioner’s Guide*). It is a guide to the accounting practices to be followed by local councils, and it sets out the appropriate standard of financial reporting to be followed. A copy of the guide is available for free download from:

<https://northantscalc.gov.uk/practitioners-guide>.

AGS Assertion 9 — Trust funds (local councils only)

5.106. Certain local councils have powers to be appointed as trustee of local, usually charitable, trusts and fulfil this role as either custodian or managing trustee.

5.107. Charitable trusts in England are regulated by the Charity Commission which sets out minimum standards of accounting and audit requirements where these are not covered by the Trust Deed. The Charity Commission also requires annual reporting by registered charities.

5.108. The same requirements apply to charities that have re-registered as CIOs (Charity Incorporated Organisations). Authorities need to make sure that all returns for all entities are correctly managed.

5.109. A CIC (Community Interest Company) is not a Charity. Authorities undertaking projects and activities with CICs must be very clear about the separate legal framework that covers these bodies.

5.110. If the authority has disclosed that it is a sole managing trustee it must also complete the associated assertion in the annual governance statement.

5.111. Authorities should ensure that each trust or charity has its own bank account. Only amounts paid and received through that account should appear in the accounts of the charity.

5.112. If, exceptionally, the authority's bank account is used to receive monies intended for the trust or to pay for any expenditure on behalf of a trust (prior to recovery from the trust account), then these transactions, including any irrecoverable VAT, must be included in the AGAR of the authority as being its own receipts/income and payments/expenditure during the year and to the extent that they are yet to be recovered or paid over reconciled as debtor and creditor amounts. Where the authority finds itself in this position, it should give a 'No' response in Cell 11 which will trigger a qualification in relation to accounts preparation and a 'No' response to Assertion 9 on the Annual Governance Statement.

5.113 Where, following legal advice, authorities are wholly managing the assets of a charity, a Memorandum of Understanding should be in place.

5.114. Meetings of the authority when it is acting as charity trustee must take place separately from those of the authority acting as the authority; it is suggested that a separate committee is established. In order to avoid confusion, trust business should always be minuted separately from authority business. Separate notices and agendas for meetings should be issued.

5.115. Charity VAT is covered by VAT Notice 701 which is entirely separate from Notice 749 for smaller authorities. Advice should be sought if there is uncertainty.

5.116. The value of trust property must not be shown in the authority's books of account and on the AGAR as authority property. Trust assets held by the authority as custodian or managing trustee should, however, be recorded in the authority's asset register and identified there as 'charity assets held by the authority as trustee' with their value excluded from the total.