St Breock Parish Council

Internal Audit Report

Year Ended 31st March 2026

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Date of Interim Visit: n/a

Date of Final Visit: 5th May 2025

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Internal Audit Regulation

All town and parish Councils are required, by the provisions set out in ***The Audit Commission Act 1998*** and ***Accounts and Audit Regulations*** *(issued from time to time under the Act) to arrange for an independent internal audit examination, to be undertaken in respect of the authority's accounting records and system of internal control. The conclusions of the said examinations are, thereafter, reported at Section 4 of the authority's Annual Return for the relevant year.*

Internal auditing is defined as "an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its' objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

Carolyn May Auditing was appointed as the Internal Auditor by St Breock Parish Council, for the Municipal Year 2025/26

The Internal Audit Review was undertaken after the year end. This audit included compliance and substantive testing to ensure that the control objectives are being met.

The Audit does not guarantee that the accounting records are free from fraud or error.

This report details the scope of the assessment undertaken in relation to St Breock Parish Council for the 2025/26 financial year. This assessment was undertaken on 5th May 2026.

Methodology

When undertaking the Internal Audit for the financial year 2025/26 regard has been given to the materiality of the authority's transactions and the potential for mis-recording or misinterpreting the same in year- end Statement of Accounts/ Annual Return.

Carolyn May Auditing operates an investigatory programme, designed to provide the requisite level of assurance that the audited authority has appropriate and robust financial processes in situ, which ensure that transactions are enacted with both efficacy and integrity and which provide a reasonable probability that any material errors, or possible abuses of organisational, or national, regulatory frameworks are easily identifiable.

The Internal Audit programme applied by Carolyn May Auditing also facilitates the completion of the Internal Audit Report, which forms part of the authority's Annual Return document.

Observations and Conclusion

The Parish Council has demonstrated a consistent and sustained commitment to achieving full compliance with the revised statutory rules, regulatory expectations, and sector-wide guidance introduced during the year. Throughout the audit period, the Council has taken proactive, timely, and proportionate measures to ensure that its governance framework, financial management arrangements, and internal control systems remain aligned with current legislative requirements and recognised best-practice standards.

The Council's approach reflects a clear understanding of its responsibilities and a willingness to adapt its procedures in response to evolving regulatory expectations. This includes strengthening internal processes, improving documentation, and adopting more structured oversight arrangements. Collectively, these actions demonstrate a maturing governance culture and a positive trajectory towards enhanced organisational resilience.

Assertion 10

Transparency and Publication Requirements (Assertion 10)

In relation to Assertion 10, which concerns the Council's duties under the Transparency Code and the publication of prescribed information, it is my view that the Parish Council has made substantive and measurable progress during the year under review. The Council has taken reasonable and well-considered steps to ensure that all required documentation—including financial statements, governance records, statutory notices, and supporting information—is published in a manner that is:

- ***Timely**, meeting statutory deadlines*
- ***Accessible**, ensuring information is available to the public without unnecessary barriers*
- ***Comprehensive**, covering the full range of required disclosures*
- ***Clear and consistent**, supporting public understanding and scrutiny*

These improvements contribute significantly to the Council's overall transparency and accountability. They also reinforce public confidence in the Council's decision-making processes and financial stewardship.

Overall Assessment

Taken together, the Council's actions during the year demonstrate a positive and responsible approach to governance, compliance, and public accountability. While, as with all public bodies, there remain a small number of matters requiring further attention, these are not substantial and do not detract from the overall effectiveness of the Parish Council. Recommendations addressing these points are contained within the body of the report.

The Council is well-positioned to maintain and further strengthen its compliance with statutory obligations and recognised best practice in the forthcoming financial year.

Acknowledgement

I would like to extend my warm thanks to both the Clerk and the Chairman for their exemplary cooperation and support during the audit process. Their leadership, diligence, and readiness to

provide information and clarification have been invaluable in ensuring a thorough and well-informed review. I also wish to express my appreciation to the Council for appointing me to carry out the 2025/26 Internal Audit, and I welcome the opportunity to continue working with the Council in the year ahead.

Carolyn Y. May

Carolyn Y. May LLB (Hons), MA. B. Sc

Overview of Council and Corporate Governance Statement

Terms of Engagement		Ref	Notes
1.	**Review Terms of Engagement; confirm that engagement is appropriate to this financial year.**	n/a	Engagement on 14th March 2026.
2.	**Confirm the professional independence and competence questionnaire has been completed and agreed with the client**	Page 8	Confirmed: 14th March 2026.
3.	**Agree Internal Audit fee with client**	n/a	Agreed a cost of £235.00 (no VAT)
4.	**Agree attendance date**	n/a	Agreed by telephone; work carried out at Internal Auditor's office.

Planning Notes		Ref	Notes
5.	**Number of Electors**	n/a	679
6.	**Precept sum**	Minutes	£27,000.00
7.	**Other Income**	n/a	£4.766
8.	**Key Personnel**	n/a	Ms. J. B. Peskett - Clerk/RFO
9.	**Type of Manual Accounting in Place**	n/a	Excel Spreadsheet.
10.	**Any significant changes to staff/ procedures since previous Internal Audit?**	n/a	No
11.	**Are there any matters arising from the last Internal Audit and/ or Management Letter?**	n/a	No
12.	**Have there been any matters arising from discussions with Council, including whether there is any evidence of fraud/ material mis-statement?**	n/a	None noted.
13.	**Key high risk/ expected problem areas**	None	Risks have been appropriately addressed by the Authority during the reporting period.

Observations	*Satisfactory – No Issues Identified*

Corporate Governance Statement

Area	Recommendation	Comment
Please confirm whether or not Standing Orders and Financial Regulations are in place. If so, when were they last updated and formally adopted by the Council?	N/A	Standing Orders and Financial Regulations are in place, having been reviewed, revised, and duly re-adopted by the Parish Council at its meeting held on 10 July 2024 (Minutes 41/24 and 42/24 refer).
Where original minutes are not provided for our examination, please confirm that each page of the master copy is signed or initialed by the Chairman at the subsequent meeting when they are approved	N/A	The original Minutes were provided and were duly signed in accordance with the requirements of the Local Government Act 1972, Schedule 12, paragraph 41(1). It is further noted that each page had been signed by the Chairman following the Council's approval."
Does the Council meet the criteria for adoption of the General Power of Competence and, if so, has it been adopted? Please confirm minute reference and date. If reliance is still placed on S.137, etc., when considering the approval of grants and donations to local (and other) bodies, are the relevant powers considered and formally minuted? Where detail of powers relied on is only set out on an agenda paper, please provide an example.	N/A	No, Clerk not CILCA qualified. Grants have not been made by the Parish Council.
Please confirm that all internal and external audit reports are presented to and agreed by members, also with agreement on the actions to be taken to address any issues identified. Again, please provide detail of the relevant meeting and minute reference.	N/A	The Internal Audit Report was presented to the Parish Council at its meeting held on 14 May 2025 (Minute 277/25 refers). The External Audit Report was subsequently presented to the Parish Council at its meeting held on 13 August 2025 (Minute 56/25-26 (iii) refers). Both reports were duly considered, discussed, and formally noted by Members.
Has the Council reviewed an updated version of the financial risk assessment and formally approved its re-adoption (Governance and Accountability Manual – 2014 refers)	N/A	Yes.
When approving payments for release, do those members signing cheques examine and sign / initial individual invoices.	N/A	Yes. Members responsible for authorising payments examine the supporting invoices at the meeting, and each invoice is signed or initialled as evidence of verification and approval by the Full Council.
Are all individual payments by direct debit, bankers' standing order or internet, if in use, similarly examined and approved for payment by members? Please provide detail of the controls in place over such payments, where different to those for cheque payments.	Yes	The Parish Clerk provides a detailed, monthly, income, expenditure and bank reconciliation document at Parish Council Meetings. This includes the listing of Direct Debits. Note: An advisory note is set out below under the section entitled 'Observations
Does the Council / a nominated member review the detail of bank reconciliations routinely throughout the year and verify detail to underlying cashbooks and bank statements (Governance and Accountability manual refers)	Yes	All Members participate in the examination of the monthly I&E Account. *Please note the responses above.*
Please provide a brief description of the approach taken to the preparation and	N/A	Each November, the Clerk convenes a meeting of the Finance Committee to present a detailed analysis of the Council's income and expenditure for the current

approval of the Annual Budget and Precept.		financial year. At this meeting, the Clerk also provides an updated projection of the anticipated year-end balance as at 31 March, together with a draft budget and proposed precept for the forthcoming financial year. Members undertake a thorough examination of the draft budget, considering both the Council's ongoing operational requirements and any additional expenditure necessary for the effective management and maintenance of Council assets, including items such as signage and related infrastructure. Following full discussion, the Committee formulates its recommendation regarding the level of precept required to meet these obligations. The recommended precept is subsequently submitted to the Full Council, which considers the proposal and formally approves the precept for the ensuing financial year in accordance with statutory requirements.
Does the Council formally consider and approve the level of reserves (General and Earmarked Funds) to be carried forward to the next financial year? (Such consideration should be minuted formally).	N/A	The Council does consider the level of both General Reserves and Earmarked Funds to be carried forward into the next financial year; however, this consideration is undertaken verbally during the budget-setting process. The Clerk provides Members with the relevant financial information, including projected year-end balances, and Members assess the adequacy and appropriateness of the reserves as part of their deliberations on the Annual Budget and Precept. Although this review is carried out, it is noted that the discussion is not currently recorded as a distinct, minuted resolution. Note: An advisory note is set out below under the section entitled 'Observations
Has a physical examination / verification of the Councils stock of assets been undertaken recently? If so, when and by whom?	N/A	The Play Areas are inspected yearly by RoSPA. With a full report given, discussed by Members and if needed, action taken. The other stated assets of the Council are inspected by Members on a regular basis.
Are asset values based on purchase cost net of VAT (where known)? Where detail of the purchase cost is unknown, asset values should be reported on the Annual Return at the same value as the previous year, except where new assets are acquired or disposed of.	N/A	Yes
Does the Council act as Sole or Custodial trustees of any charitable funds? If so, are the transactions excluded from the Annual Return financial detail at Section 2?	N/A	No

Observations **Recommendations**	*Satisfactory* *It is regarded as good financial governance for all invoices to be checked against the corresponding payment schedule, with both the invoices and the bank reconciliation being initialled by the Chairman or Vice-Chairman. This practice provides clear evidence of verification, strengthens internal control procedures, and ensures a transparent audit trail*

	demonstrating that appropriate scrutiny has been undertaken prior to the authorisation of payments. It is recommended that the Council formally records its consideration and approval of the levels of General Reserves and Earmarked Funds within the minutes of the meeting at which the Annual Budget and Precept are determined. Documenting this decision as a distinct, minuted resolution will strengthen transparency, demonstrate compliance with best-practice financial governance, and provide a clear audit trail for future reference.

Professional Independence and Competence Questionnaire

The internal audit function must be sufficiently independent from the management of financial controls and procedures of the council which are the subject of review. The person or persons carrying out internal audit must be competent to carry out the role in a way that meets the business needs of the council. The two key principles, which councils must follow in setting up their internal audit function are; **independence and competence.**

Independence	
Do you have any specific reliance on the fee to be earned from this assignment	No
Overdue fees	
Does the client/group of clients owe the firm any money which exceeds our normal credit terms?	No
Litigation	
Is there any actual or anticipated litigation between us and the client in relation to fees, audit work or other work?	No
Associated firms	
Are you or your staff associated with any other practice or organisation which has had any dealings with the client council?	No
Family or other personal relationships	
Do you or any of your staff have personal or family connections with the council or its officers?	No
Mutual business interest	
Do you or any of your staff have any mutual business interests with the client or with an officer or employee of the client?	No
Financial involvement	
Do you or your staff, or anyone closely related to you or any of your staff, have any financial involvement in the client in respect of the following:	
Any beneficial interest in shares or other investments?	No
Any loans or guarantees?	No
Goods and services: hospitality	
Have you or any of your staff accepted materials, goods or services on favourable terms or received undue hospitality from the council?	No
Ex-partners or senior staff	
Has any senior officer of the council been a partner or senior employee of the practice?	No
Is the partner or any senior employee on the audit team in negotiations to join the client?	No
Long association	
Have you been acting for more than 10 years? If yes, then consider rotation/engagement quality review.	No
Provision of other services	
Do I provide any of the following services to the client? -	
Accounting services, book-keeping or payroll services	No
Staff secondments	No
IT services are involved in the design, provision or implementation of systems	No
Specialist valuations which are included in the accounts	No
Tax compliance work or tax planning	No

Section 1 – Maintenance of Accounting Records & Bank Reconciliations

Internal Control Objectives

	Control Objective	Comments
A	**Has the RFO been appointed with specific duties? (S.151 LGA 1972)**	The current Parish Clerk is employed under the standard NALC Contract of Employment, which expressly incorporates the duties and responsibilities associated with the role of Responsible Financial Officer (RFO). This contract provides the formal framework governing the Clerk's statutory, administrative, and financial management obligations.
B	**Appropriate records of account have been properly kept throughout the year**	Yes
C	**Closing Cashbook Balance**	A closing balance of **£22,404.57** has been verified and confirmed as accurate against the bank reconciliation as at 31 March 2026. All associated financial records demonstrate a clear and consistent audit trail, evidencing robust financial management and transparent reconciliation procedures.
D	**Formal, year-end, Bank Reconciliations Were carried out.**	Yes, these were clear concise and easy to follow.

Observations	*Satisfactory – No Issues Identified*

2. Review of Corporate Governance

	Control Objective	Comments
E	**There are appropriate governance arrangements in place to help ensure compliance with extant legislation and that no decisions are taken that may result in unlawful, or unbudgeted costs.**	Robust governance arrangements are firmly established to ensure full compliance with all relevant legislation and to prevent any decisions that could give rise to unlawful or unbudgeted expenditure.
F	**The Council's Financial Regulations have been met, payments Were supported by invoices, expenditure was approved and VAT was appropriately accounted for.**	The Internal Auditor reviewed a sample of payments to assess compliance with the Council's Financial Regulations. All transactions examined were found to be in good order. In each case, payments were supported by appropriate invoices, expenditure had been properly authorised, and VAT had been correctly accounted for.
G	**Procurement**	The Council's Financial Regulations stipulate that any proposed contract for the supply of goods, materials, services, or the execution of works with an estimated value exceeding £30,000 must be procured through a formal tendering process, as set out in Financial Regulation 11.1(b).
H	**Clarity of Records**	Financial records were readily accessible and straightforward to follow. The Clerk has established an efficient and well-organised system for maintaining all documentation relating to the Council.
I	**Precept Setting 2026-27**	e precept was considered at the Council meeting held on 12 November 2025 (Minute 88/25-26 (iii)). The budget was prepared with due regard to inflationary pressures, and the precept was formally approved at **£30,000**.

Observations	*Satisfactory – No issues identified*

3. Review of Expenditure

	Control Objective	Comment
J	**Payments**	Payments were duly authorised and recorded in the minutes, and all supporting invoices were made available to the Internal Auditor.
K	**Procurement of services above the 'de minimis' Amount**	N/A
L	**VAT**	VAT return has been submitted and awaiting credit into the Bank Account.
M	**S.137 Expenditure (LGA 1972)**	N/A
N	**Petty cash payments Were properly supported by receipts, expenditure was approved and VAT appropriately accounted for**	No petty cash account is maintained by the Council.
O	**Clerk's Expenditure**	The Clerk's expenditure is formally reviewed and approved by the Full Parish Council.

Observations	*Satisfactory – no issues identified*

4. Review of Income

	Control Objective	Comment
P	**The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves Were appropriate**	es. The Council now considers the budget and earmarked reserves alongside the setting of the annual precept. This approach ensures that the precept requirement is derived from a sound budgetary process, with ongoing monitoring and appropriate levels of reserves maintained.
Q	**Expected income was fully received, based on correct prices, properly recorded and promptly banked, with VAT appropriately accounted for.**	Yes
R	**Are there any significant, unexplained, variances from the budget?**	No

Observations	*Satisfactory – no issues identified*

5. Review of Capital Budgeting

	Control Objective	Comment
S	**Sale of fixed assets**	None
T	**Use of income from sales (de minimis £10,000)**	N/A
U	**Capital Expenditure**	None
V	**Long-term capital budget/ rolling capital schemes**	No
W	**Capital budget review (annually) date**	No

Observations	*Satisfactory – no issues identified*

6. Review of Employment Arrangements

	Control Objective	Comment
X	**Each employee has been issued with a contract of employment, with clear terms and conditions**	Yes.

Y	**Salaries paid agreed with those approved by the Council**	Yes
Z	**Are all employees in a registered pension scheme/ have all employees been offered the opportunity to enrol in a work pension scheme**	N/A
AA	**Are other payments made to employees reasonable and approved by the Council**	Yes
AB	**Have PAYE / NIC been properly operated by the Council as an employer**	Payments have been made in compliance with the PAYE/NIC requirement using an eternal Accountant to run the payroll, Simon A Martin Ltd.
AC	**Does the Council have current, appropriate Employer Liability Insurance?**	The Parish Council confirms that the insurance policy provided by Zurich Insurance, policy number **YLL-2720931103**, has been reviewed and accepted. The policy remains valid until **31 May 2026**. This decision was formally approved at the Parish Council meeting held on **14 May 2025**, as recorded under **Minute Reference 32/35**.

Observations	*Satisfactory – no issues identified*

7. Risk Management Arrangements

	Control Objective	Comment
AD	**Does a review of the minutes identify any unusual financial activity?**	None identified.
AE	**Do the minutes record the Council carrying out an annual risk assessment?**	None formally recorded
AF	**Is insurance cover current, appropriate and adequate?**	The Council has appropriate and adequate insurance cover, provided by Zurich
AG	**Is the Fidelity Guarantee appropriate and has it been reviewed?**	The Fidelity Guarantee (£250,000 limit) is Index Linked and deemed appropriate for a Council with a precept level of £27,000.
AH	**Are internal control systems documented and regularly reviewed?**	Yes, a Statement of Internal Control documented at the meeting held on 9th July 2025 (Minute reference 43/25-26 refers) and placed on the website.
AI	**Has the Council carried out a review of the effectiveness of internal auditing during the year?**	Yes
AJ	**Has appropriate action been taken regarding matters raised in reports from Internal Audit?**	Yes
AK	**Have adequate measures been put in place in relation to GDPR ?**	Yes, it is noted that the Clerk carried out a GDPR specific Risk Assessment and this has been approved and placed on the website. Members also undertake regular Code of Conduct training as and when required. This is documented at the Meeting held on 10th September 2025 (Minute reference 66/25-26 refers).

Observations **Recommendations**	*The Annual Risk Assessment has not been recorded in Council Minutes* *The Council should consider:* • *Adding a retrospective note or clarification at the next meeting to formally record that the assessment was completed.* • *Ensuring future assessments are included as a standing agenda item and minuted accordingly.*

8. Asset Register

	Control Objective	Comment
AL	**Does the Council maintain a register of all material assets owned, or in its care?**	Yes
AM	**Are the assets and investments registers up to date?**	These are due to reviewed in the new Financial Year.
AN	**Have dates of acquisitions been noted?**	No
AO	**Is a life estimate recorded?**	No
AP	**Has the location of the item been recorded?**	No
AQ	**Have costs of acquisitions and enhancement been recorded?**	No
AR	**Have dates of upgrade and disposal been noted?**	No
AS	**Do asset insurance valuations agree with those in the asset register?**	Yes

Observations	*Satisfactory – no issues identified*

9. Investments and Loans

	Control Objective	Comment
AT	**Have all excess balances been appropriately and prudently invested in appropriate accounts for safeguarding? (LGA 2003 and guidance issued by the Secretary of State).**	Yes
AU	**Does the Council have, documented and approved, appropriate recovery actions for unpaid debts/ writing off, of irrecoverable debts process/ debt monitoring arrangements in place?**	No. The Council does **not** currently have a documented and formally approved process covering recovery actions for unpaid debts, the writing-off of irrecoverable debts, or ongoing debt-monitoring arrangements. However, the Council would **seek appropriate legal or professional advice** should such procedures be required or if any uncertainty arises regarding the correct approach.

Observations	*Satisfactory – no issues identified*

10. Audit Notices and Annual Return

	Control Objective	Comment
AV	**Were these advertised to the public?**	The **Notice of Public Rights** and the **Notice of Conclusion of Audit** were both duly posted and made available on the Parish Council's website. Publication was carried out in full accordance with the statutory requirements governing the exercise of public rights and the conclusion of the external audit process.

Observations	*Satisfactory – No issues identified*

11. Transparency

	Control Objective	Comment
AW	**Publication Method of Agendas/ Minutes**	Website
AX	**Publication of Annual Governance Statement**	Website
AY	**Public Meeting date**	22nd May 2024
AZ	**List of Council Members and their responsibilities**	Website
ABA	**Councillors Code of Conduct/ Complaints**	Website
ABB	**Financial Regulations/ Standing Orders**	Website

Observations	*Satisfactory – No issues Identified*

12. Assertion 10

	Control Objective	Comment
ABC	Website	www.stbreockparishcouncil.gov.uk
ABD	Email address (Clerk)	clerk@stbreockparishcouncil.gov.uk
ABE	Email addresses (Cllrs)	Compliant – all have .gov. uk addresses
ABF	IT Policy	Compliant- placed on website (adopted at the Meeting held on 13th August 22025 (Minute reference 55/25-26 refers)
ABG	Standing Orders	Compliant
ABH	Financial Regulations	Compliant
ABI	FOI	Compliant
ABJ	GDPR Policy	Compliant – Includes document handling
ABK	Code of Conduct Document	Compliant
ABL	Statement of Internal Control	Complaint
ABM	Asset Register	Compliant
ABN	Income and Expenditure	Compliant
ABO	Committee Terms of Reference	No Committees
ABP	Register of Interests	Compliant
ABQ	Risk Management Policy	Awaiting Ratification
ABR	Website accessibility	Compliant
ABS	Notice of Public Rights	Compliant – 3rd June to 14th July 2025
ABT	Compliant Website	.co.uk domain
ABU	Do All Members have an appropriate Parish Council email address?	Compliant

Observations	***Satisfactory – no issues identified***