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27 November 2025

The Executive Officer

Grayshott Parish Council

Grayshott Sports Pavilion

Beech Hanger Road

Grayshott, GU26 6LS

Dear Serena

First Interim Internal Audit Report

Grayshott Parish Council – April 2025 to September 2025

The Accounts and Audit (England) Regulations 2015 (as amended) require all Town and Parish Councils to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

We confirm that we are independent of the Council, and the completion signed letter of engagement for 2025-2026 has been issued to the Parish Council.

The internal audit work we have carried out has been planned to enable us to give our opinion on the control objectives set out in the Annual Internal Auditor's Report on the 2025-2026 Annual Governance and Accountability Return.

We have complied with the legal requirements and proper practices set out in:

- 'Governance and Accountability for Local Councils – A Practitioners' Guide (England)' 2025
- The Accounts and Audit (England) Regulations 2015 (as amended).

Background
Grayshott Parish Council has income and expenditure of between £150,000 and £200,000 and is subject to review by the External Auditor, BDO. The Council had one “except for matters” from the External Audit in 2024-2025 which states:

Except for Matters

- ***The figure in box 8 for the prior year in the Accounting Statements is incorrect and should read £202,696 as opposed to £208,177***

(Audit Note: No other matters were reported by the External Auditor, and the above issues has been resolved).

The Council is a sole managing trustee.

It is good practice for the Council to comply with the Local Government Transparency Code 2015.

The Council’s accounting records are maintained on RBS Alpha Software.

The first interim internal audit visit was agreed with the Executive Officer to be carried out on Thursday 27 November 2025 at the Council Offices.

The Executive Officer provided back-up information from RBS Alpha Software in advance of the visit for the period April 2025 to September 2025 to support the current governance and financial management position of the Council.

This review has checked the internal control systems and evaluated the implementation of recommendations from the previous internal audit report issued in June 2025. It focused on examining and validating the internal control mechanisms currently employed by the Parish Council, including the transactional aspects of the financial accounts.

The Parish Council have approved that the Executive Officer can undertake CiLCa training which in our opinion will provide opportunities to consolidate the knowledge and understanding of the Local Council Sector. We further note that the Executive Officer has recently passed her ILCA qualification which will provide further her support her role with the Parish Council.

We discussed with the Executive Officer all matters on how the Parish Council can remain compliant with the requirements with the Practitioners Guide 2025 and to satisfy the Accounts and Audit Regulations 2015.

We also discussed with the Executive Officer the items recorded as earmarked reserves for ongoing projects. We have recommended that General Reserves holdings should sustain sufficient funds to pay contractors and suppliers but is balanced to maximise the impact to encourage opportunities for growth and to earmark funds for future projects.
(Audit Note: The Parish Council should review its earmarked reserves on an annual basis to consider the appropriateness of those that have not been used).

We discussed with the Executive Officer the recent approval of the Information Policy which provides a comprehensive detail of all the requirements to be set out in Assertion 10 on the Governance Statement 2025-2026. This requires all Parish Councils to have an IT Policy and Email Policy which is robust to ensure data compliance over IT and Email security. (***Audit Note: We recommend that the Parish Council should consider renaming the Information Policy, so it embraces IT in the policy name, and matches the requirements set out in the Practitioners Guide 2025)***

The Smaller Authorities Practices Panel have also updated the Practitioners Guide 2025 which records that a.gov.uk email address should be used by all councillors and staff to meet best practice requirements. We have noted all staff and Councillors are using the correct email extension of.gov.uk. This requirement will become mandatory from the 01 April 2026.

We have noted the approval of the work to improve the grass on the sports field. We discussed the details of the due diligence work to agree the contractor to be used for the project and the information that presented to the Parish Council for decision. It is further noted that the arrangements put in place did not follow the requirements set out in Financial Regulations to obtain three quotations as it was decided that the expertise and delivery from the contractor chosen to carry out the work matched the project specification needs. (***Audit Note: To ensure transparency and openness in the selection process of engaging contractor should be supported by recording in the minutes of the Parish Council the rationale used to make the selection decisions).***

We further note the skate park redevelopment project is current under construction and acknowledge that a full tendering process was used using contract finder. The Parish Council were guided by a professional consultant through the process. This was agreed and approved at the extraordinary meeting of the Parish Council on 18 August 2025.

We discussed with the Executive Officer that where decisions are recorded in the minutes of the Parish Council these should indicate either "**approval" or resolved**" to signify the decisions made by the Parish Council.

This visit continues to check the internal control systems from the internal audit work completed in 2024-2025 and focusses on checking and validating internal control systems in use at the Parish Council including transactional elements of the financial accounts.

Further confirmation has been obtained of good practice and compliance with the Transparency Code Regulation 2015 from the Council's website.

Internal audit checks

We have undertaken a series of audit tests on the Council's financial records, vouchers, documents, Minutes, policies, procedures and insurance documentation to ascertain the efficiency and effectiveness of the Parish Council's internal control framework. This internal audit report is based on the audit testing carried out at the visit.

During this visit we test checked the following:

- Minutes of Council Meetings
- Policies and procedures
- Bank and cash
- Investments
- Income and Expenditure
- VAT claims
- Insurance
- Budgets and Reserves

- Payroll
- Transparency of the Council website.

Findings

Details of good practice noted, our recommendations and other matters to be brought to the Council's attention are set out below.

Good practice

- The Council maintains its books and records on RBS Alpha Software
- The Council is aware of the requirements of GDPR.
- The Council is registered with the ICO.
- Total payments to be authorised are recorded in the Council Minutes
- The budgeting process continues to be detailed and monitored throughout the year.
- The Council continue to take an active scrutiny role.
- The Insurance Cover is sufficient for the size of the Parish Council.
- All income and expenditure could be traced to the Council's bank accounts.
- VAT claims continue to be made regularly.
- Payments to HMRC for National Insurance and PAYE are made regularly.
- The ICO Publication Scheme is shown on the Website.
- The website is compliant with the requirements of the Transparency Code Regulation 2015.

Recommendations

IT Policy

- The Parish Council should ensure the requirements set out in the Practitioners Guide 2025 for Assertion 10 to produce and upload a formal IT and Email Policy have been captured by renaming the Information Policy recently approved by the Parish Council.

Bank Reconciliations:

- Bank Reconciliations should be formally recorded as part of the Minutes to confirm that these have been notified and approved by the Parish Council.

Appointment of Contractors

- To ensure transparency and openness in the selection process of engaging contractors, should be supported by recording in the minutes of the Parish Council the rationale used to make the selection decisions.

Minutes of the Parish Council

- Minutes of the Parish Council should record either **"approval" or resolved**" to signify the decisions taken by the Parish Council.

Other matters to be brought to the Council's attention

- New requirements introduced into the Practitioners Guide 2025 and applied from April 2025 require all Council to introduce an IT and Email Policy. It should be uploaded on the Parish Council website. ***(Audit Note: We have recommended that the Information Policy is checked and verified to ensure it meets the new requirements shown in the Practitioners Guide 2025 paragraph 5.122).***
- To meet the best practice requirements of the ICO Publication Scheme ad Transparency Code Regulations 2015 the following details should be uploaded to the Parish Council website:
    - A staff structure showing job title, the hours of work.
- The financial risk assessment may need updating to reflect the current reserves position and budgetary requirements of the Parish Council for 2026-2027. As part of Local Government Re-organisation where asset transfers or other high risks areas are shown these should be identified and action taken so the risks are reduced.
- A review of the ICO Publication Scheme should be conducted to ensure all documents listed as uploaded to the Parish Council website are traceable and located appropriately in accordance with the Practitioners Guide 2025.
- The Parish Council will need to ensure its website provider is aware of the changes to adhere to the requirements set out in the website accessibility rules. The Parish Council website should be checked to ensure it meets the new WCAG 2.2 AA standard for website accessibility.
- The Executive Officer will continue to update the Asset Register to ensure all new purchases are recorded. A review of Assets may need to be updated to adjust the Asset Register to ensure the totals reflected in the End of Year figures for Box 9 on Section 2 Accounting Statements are accurate for reporting to the External Auditor. (***Audit Note: The Asset Register 2025-2026 will need to be uploaded to the Parish Council website to meet the requirements of Assertion 10).***
- The Council have provided evidence of the posting date for the Exercise of Public Rights in 2025 and will be able to tick "Yes" to Assertion 4 on Section 1 (Governance Statement) of the AGAR 2025-2026 to comply with the requirements of the Accounts and Audit Regulations 2015. We will also be able to tick "Yes" to Control Objective M on the Annual Internal Audit Report 2025-2026.
- The risk assessment for 2025-2026 has been approved by the Parish Council at its meeting on 21 July 2025. The Parish Council can tick "Yes" to Assertion 5 on Section 1 (Governance Statement) of the AGAR 2025-2026 to comply with the requirements for the External Auditor. We will then tick "Yes" to Control Objective C on the Annual Internal Audit Report 2025-2026.
- The Parish Council are reminded best practice should be used to review and approve each financial year:

    - the appointment or continuing appointment of the Internal Auditor.
    - that the Internal Auditor is independent of the Council.
    - the effectiveness of the Internal Audit.

    (Audit Note: We have already recorded in this report the Parish Council will need to appoint a new internal auditor for 2025-2026. We further recommend meeting the best practice requirements recorded in the Practitioners Guide 2025 the Parish Council should continue approving and recording these details in the Minutes of the full Parish Council).

We also remind the Parish Council that:

- it is good practice for any CiL or S106 monies not used in the financial year to be recorded as Earmarked Reserves.

- the Insurance renewal details should be reviewed and recorded in your minutes of the Council or Committee in each financial year, even if you are locked in a three-year agreement.

Next visit
The next internal audit review has been arranged for **Thursday 07 May 2026.**

At this review detailed checks will be carried out on:

- Minutes of Council Meetings
- Bank and cash.
- Investments.
- Income and Expenditure
- Reserves.
- Payroll
- VAT claims
- Asset Register
- Transparency Code Regulation 2015
- Budget 2026-2027
- Governance Statement 2025-2026 (Assertion 10)
- Transparency of Website.
- Preparation for End of Year Procedures.

Conclusion
Based on the tests we have carried out at this interim internal audit review, in our view, the internal control procedures in operation are adequate to meet the needs of Grayshott Parish Council. We will test these areas again at our next internal audit visit to confirm that further enhancements have been made to the control framework of the Parish Council.

Next Steps
This report should be noted and circulated to the next meeting of the Parish Council.

Tim Light FMAAT, AATQB
Internal auditor