



Marlborough Town Council

Internal Audit Report 2025-26 (First Interim)

Stuart J Pollard

*Director
Auditing Solutions Ltd*

Background

Statute requires all town and parish councils to arrange for an independent internal audit examination of their accounting records and systems of internal control and for the conclusions to be reported each year in the Annual Governance and Accountability Return (AGAR).

This report sets out the initial work undertaken in relation to the 2025-26 financial year, both in advance of and during our first visit for 2025-26 which took place on 9th October 2025. We thank the Office Manager and the Town Clerk for providing the necessary records to facilitate commencement of the year's review. Further reports will be issued following our further visits which will take place in January 2026 and subsequent to closure of the year's Omega accounts.

Internal Audit Approach

In commencing our review, we have continued to pay due regard to the materiality of transactions and their susceptibility to potential misrecording or misrepresentation in the year-end Statement of Accounts / AGAR. Our programme of cover is designed to afford appropriate assurance that the Council's financial systems remain robust and operate in a manner to ensure effective probity of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory regulatory framework. The programme is also designed to facilitate our completion of the 'Internal Audit Report' in the Council's AGAR.

Overall Conclusion

Based on the work undertaken to date, we are pleased to record that the Council continues to maintain effective internal control arrangements. Detail of the work undertaken in the areas examined to date are set out in the following detailed report with any issues identified also set out accordingly with resultant recommendations reiterated in the appended Action Plan.

We have discussed any issues arising with the Town Clerk and Office Manager also reminding them of the additional box 10 disclosure requirement in the 2025-26 AGAR Governance Statement relating, inter alia, to the publication of appropriate information on the Council's website and will review the Council's standing in that respect at our next visit.

In line with best practice, the report should be presented to Council and, ideally, also be posted on the Council's website.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

The Council uses the Rialtas Omega software to maintain its accounting records with two operational bank accounts in place with Barclays, the Business Current and Business Saver Accounts with transaction detail on each recorded in a single combined account cashbook in Omega.

A further account is in place with the CCLA Public Sector Deposit Fund with the Council's surplus reserves held therein with the monthly earned interest automatically transferred / deposited in the Barclays Current account.

Our objective here is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in the cashbooks or financial ledgers. Consequently we have to date this year: -

- Agreed the opening trial balance detail for 2025-26 as recorded in Omega to the closing detail contained in the 2024-25 AGAR;
- Ensured that the cost centre and nominal ledger income and expenditure coding structure remains appropriate for purpose;
- Checked and ensured that the Omega accounts remain "in balance" on 30th September 2025;
- Checked and agreed detail in the combined Barclays account cashbooks, examining and agreeing transactions for April and September 2025 to supporting bank statements;
- Agreed the combined Business Current and Business Saver Account bank reconciliation as of 30th April and September 2025; and
- Noted that members of to the Finance and Policy Committee review bank reconciliations during the course of the year.

Conclusions

We are pleased to record that no issues arise in this area currently warranting formal comment or recommendation: we shall examine two further months' transactions at our subsequent visits, also ensuring the accurate disclosure of the combined cash and bank account balances in the AGAR Section 2 Box 8.

Review of Corporate Governance

Our objective here is to ensure that the Council has a robust series of corporate governance documentation and controls in place; that Council and Committee meetings are conducted in accordance with the adopted Standing Orders (SOs) and that, as far as we are reasonably able to ascertain, no actions of a potentially unlawful nature have been or are being considered for implementation, although it is for the Council to determine the legality of its transactions.

Consequently, we have commenced our review of the Council's minutes, examining those for the Full Council and its Standing Committee meetings (except for Planning) held during the financial

year to date in 2025-26 with a view to identifying whether any issues exist that may have an adverse effect on the Council's future financial stability, both in the short and longer term.

We are again pleased to note that the Council continues to keep its corporate policies under review with Full Council adopting revised Standing Orders and Financial Regulations at the Meeting held in May 2025 in line with the latest NALC model documents. We also note that the General Power of Competence has been re-adopted.

We note that the Council continues to post detail of all payments over £500 on the website, also noting the appropriate posting of the 2024-25 Notice of Public Rights for the requisite 30 working days and the completed and signed AGAR together with the "clear" external audit certificate.

The 2025-26 Practitioner's Guide refers to a new assertion to be built into the year's AGAR Governance Statement: we have discussed the implications of this additional requirement with the Clerk noting that he is fully aware of the new requirement: consequently, we shall ensure compliance at our next and final review for the year.

Conclusions

No issues arise in this area currently warranting formal comment or recommendation. We shall continue to review the Council's approach to Corporate Governance issues, also continuing our review of minutes at our next interim and subsequent final visits.

Review of Expenditure

Our aim here is to ensure that:

- Council resources are released in accordance with the Council's approved procedures and budgets;
- Payments are supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and/or an acknowledgement of receipt, where no other form of invoice is available;
- Members are provided with and approve, the regular schedules of payments made;
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount;
- The appropriate cost centre and nominal account codes have been charged, and
- VAT has been appropriately identified and coded to the control account for periodic recovery.

We have again checked the controls over the processing of payments and have, at this first review visit, for a selected sample of 45 individual payments individually in excess of £3,000 plus every 40th payment made in the year to 30th September 2025 to ensure compliance with the above criteria. Our test sample totals £446,930 equating to 71% of non-pay expenditure to that date. We are pleased to record that all payments in the test sample were appropriately supported.

We have also confirmed that VAT due for recovery from HMRC at the end of 2024-25, together with that due on 30th June 2025 has been reclaimed and repaid accordingly.

Conclusions

We are pleased to record that no issues arise in this area currently: we shall extend our test sample to include payments over the remainder of the financial year at future review visits also ensuring the continued regular preparation and submission of VAT reclaims to HMRC for repayment.

Assessment and Management of Risk

Our aim here is to ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks to minimise the opportunity for their coming to fruition.

The Council's Risk Management Scheme and register of assessed risks has been reviewed and re-adopted by the Council in May 2025: we have reviewed the resultant document and consider that it remains appropriate for the Council's present requirements.

We have examined the Council's current year's insurance schedule as provided by Zurich and are pleased to note that appropriate cover remains in place relating to buildings, vehicles and equipment, with Public and Employer's Liability standing at £15 million and £10 million respectively, together with Hirers Liability at £2 million and Fidelity Guarantee cover also set at £2 million, all of which we consider appropriate for the Council's present requirements.

As in prior years, the insurance includes an inspection contract to ensure the safety of plant such as play equipment.

Conclusions

No issues arise from our work in this area this year: we shall continue to monitor the Council's approach to risk management at future visits reporting our findings accordingly.

Review of Income

The Council receives income, in addition to the Precept, primarily from Town Hall lettings, property rents, allotments, burial and associated fees, bank interest and specific grants & donations, together with recoverable VAT, which is recovered quarterly. To date, we have -:

- Ensured receipt of the two precept instalments for 2025-26 into the Council's bank account in line with the Council approved value request;
- Checked detail of the 8 burials occurring since 1st August 2025 to the date of this first review visit for the year, ensuring that, for each, appropriate interment application documentation had been received, together with the statutorily required burial and / or cremation certificates in each case. We have also ensured that the correct fees had been charged and paid to the Council, noting that the fees relating to the 2nd October 2025 interment had not yet been received at the date of our review; and

- Reviewed income received against budget with no issues or concerns of note existing currently.

Conclusions

As indicated above, no issues arise in relation to the income streams examined in the year to date warranting formal comment or recommendation. We will examine income arising from other sources at our next review reporting our conclusions accordingly.

Petty Cash Account

We are required, as part of the AGAR certification process, to consider the effectiveness of the Council's controls over any petty cash account or other cash holding in use.

The Council operates a limited petty cash account to defray sundry administrative expenses. The account is "topped up" as and when required with "round sum" cash withdrawals through the Barclays cash-point card, generally of £50 each with those cash transfers coded directly to expense code 4022/101 (Petty cash). Whilst we note that a monthly record is maintained recording the opening physical cash balance carried over from the previous month, plus any cash transfer received in that month less detail of any "in month" purchases to arrive at the month-end balance which is checked and agreed to the physical cash holding.

Whilst the physical cash holding is consequently relatively small (generally less than £100) at each month-end, the value of that holding is not physically recorded in the Omega accounts and is also, consequently not reflected in the combined year-end cash and bank balances in the AGAR at Section 2, Box 8.

During the course of this interim review, we have both checked and agreed the physical cash holding to the maintained record also ensuring that the 11 payments made between 1st July 2025 and our visit date were appropriately supported by till receipts. We note that, whilst only one payment in our review period included an element of VAT, that amount being insignificant. Due to the way petty cash account transactions are recoded (i.e. only the periodic cash top-ups are recorded in the Omega accounts), the actual physically held cash balance is not identified in either the Omega accounts or AGAR.

Conclusion and recommendation

Appropriate accounting arrangements should be put in place to ensure that, whilst insignificant amounts are involved, the physical petty cash holding is appropriately accounted for throughout the year with the year-end holding included as a cash holding in the AGAR at Section 2, Boxes 7 & 8. This would best be achieved by establishing a separate cashbook in Omega with the year's opening balance, periodic top-ups and monthly payments duly recorded in the cashbook account. This would also facilitate the identification and recording of any recoverable VAT incurred on purchases during the year.

RI. Appropriate petty cash account recording arrangements should be put in place to record all account transactions during the year resulting in the appropriate disclosure of the year-end petty cash account balance in the AGAR at Section 2.

Review of Staff Salaries

In examining the Council's payroll function, we aim to confirm that extant legislation is being appropriately observed as regards adherence to the Employee Rights Act 1998 and the requirements of HMRC legislation relating to the deduction and payment over of income tax and NI contributions, together with meeting the requirements of the local government pension scheme with regard to employee contribution percentages. We have previously examined the payroll procedures in place and considered them generally sound.

Consequently, we have, by reference to the Office Manager's record of staff in post, the approved point on the NJC pay scale and contracted weekly working hours: -

- Agreed the gross salaries paid to each employee in August 2025, including the national pay award arrears payable from 1st April 2025;
- Checked and agreed detail of overtime enhancements paid with the August 2025 payroll to supporting time sheets;
- Verified the tax and NI deductions applied for the month to each employee;
- Checked and agreed the pension deductions being applied to ensure that they are in line with the nationally agreed percentages based on the gross salary being paid; and
- Agreed the net monthly salaries paid to each employee to the underlying payslips.

Conclusions

We are pleased to record that no issues have been identified in this review area warranting formal comment or recommendation.

Review of Investments and Loans

We seek to ensure surplus funds are invested appropriately to maximise income earning potential whilst also ensuring, as far as is reasonably possible, that funds are invested securely in line with the Council's adopted Investment Policy. £500,000 is currently on deposit in the CCLA Public Sector Deposit Fund with the interest earned monthly duly deposited in the Barclays Current account.

No loans are in place repayable either by or to the Council at the present time.

Conclusions

No issues arise from our work to date in this area: we will ensure appropriate receipt and deposit of the monthly CCLA income in the Barclays current bank account at future reviews.

Rec. No.	Recommendation	Response
Petty Cash Account		
R1	Appropriate petty cash account recording arrangements should be put in place to record all account transactions during the year resulting in the appropriate disclosure of the year-end petty cash account balance in the AGAR at Section 2.	