



Marlborough Town Council

Internal Audit Report 2025-26 (Interim Update)

Stuart J Pollard

*Director
Auditing Solutions Ltd*

Background

Statute requires all town and parish councils to arrange for an independent Internal Audit (IA) 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 incorporates the work undertaken at our first review visit and includes detail of the further work undertaken during our second interim visit for the 2025-26 financial year, which took place on 11th February 2026, together with our off-site preparatory and subsequent work. We again thank Officers for providing the requisite records to facilitate our review. This report will be further updated following our final review which we have agreed will be undertaken remotely following closedown of the year's Omega accounts in April 2026.

Internal Audit Approach

In conducting our review, we have continued to pay due regard to the materiality of transactions and their susceptibility to potential mis-recording 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 requirements 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 final review. We have agreed that we will provide any further information in that respect as and when we have further detail to hand.

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 (Business Current and 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 accounts and 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 31st January 2026;
- Checked and agreed detail in the combined Barclays account cashbooks, examining and agreeing transactions for April and September 2025, plus January 2026 to supporting bank statements;
- Agreed the combined Business Current and Business Saver Account bank reconciliations as of 30th April and September 2025, plus 31st January 2026; and
- Noted that members of 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 account transactions for March 2026 at our final review ensuring the accurate disclosure of the combined cash and bank account balances in the AGAR at 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.

We have continued our examination 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 the Full Council adopting revised Standing Orders and Financial Regulations at the Meeting held in May 2025 both being 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 for that 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 final review for 2025-26.

Review of Expenditure

Our aim here is to ensure that:

- Council resources are released in accordance with the Council's approved procedures and approved 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;
- That 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; and
- VAT has been appropriately identified and coded to the control account for periodic recovery.

At our first visit for the year, we checked the controls over the processing of payments which we consider continue to operate effectively: at both that and this update review visit, we have selected a total sample of 67 payments individually in excess of £3,000 plus every 40th payment made in the year to 31st January 2026 to ensure compliance with the above criteria. Our test sample totals £573,035 equating to 65% by value 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 for the first three quarters of 2025-26 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 last two months of the financial year at our final review also ensuring the appropriate preparation and submission of the year's final VAT reclaim.

Management of Risks

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.

We noted in our first report for the year that the Council's Risk Management Scheme and register of assessed risks was reviewed and re-adopted by the Council in May 2025: we have reviewed the resultant document and considered that it remained appropriate for the Council's present requirements.

We also examined the Council's current year insurance schedule, as provided by Zurich, and were pleased to record that appropriate cover remained 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.

Budgetary Control & Reserves

Our objective here is to ensure that the Council has a robust procedure in place for identifying and approving its future budgetary requirements and level of precept to be drawn down from the Unitary Authority: also, that an effective reporting and monitoring process is in place. We also aim to ensure that the Council retains appropriate funds in general and earmarked reserves to finance its ongoing spending plans, whilst retaining appropriate sums to cover any unplanned expenditure.

We are pleased to note that the 2026-27 budget and precept requirements were considered and formally approved and adopted at the December 2025 full Council meeting, setting the latter at £980,772.

We are also pleased to note that members continue to receive regular detailed budget monitoring reports quarterly together with income and expenditure reports and a balance sheet. We have reviewed the latest budget position, as at 31st January 2026 noting one or two hotspots for which

we have examined the Omega detailed transaction reports obtaining appropriate explanations such as the costs of the two new Ford vans (costing almost £46,800) which have been charged against the “Vehicle maintenance” expense code and the costs of the new workshop for which no formal budget is recorded. Overall, at the above date actual income stands at 101% of the approved annual budget whilst expenditure stands at 110%.

Conclusions

No issues arise in this area currently warranting formal comment or recommendation, although we have suggested to the Town Clerk that, going forward, separate nominal account codes be established to record the costs of any capital spending on vehicles, equipment and significant development schemes. We will examine the year-end overall outturn at our final review, also considering the continued appropriateness of the Council’s overall reserves to meet ongoing routine spending and potential development aspirations.

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 expended VAT which, as recorded earlier in this report, is recovered quarterly.

At our first and this interim update review, 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 our first review visit 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, which were outstanding at the time of our first visit for the year, have now been received;
- Verified the timely charging and recovery of monthly rents for the Council’s leased premises;
- Examined a sample fortnight’s bookings of the Town Hall (Week commencing 3rd November 2025) ensuring that, for each, the appropriate fees were charged and recovered within a reasonable time frame;
- Examined income arising from allotment rents which fall due on 1st February annually noting that a few rents remained unpaid at the date of this update visit: we shall revisit this at our final review checking to ensure that all rents have been paid by the financial year-end;
- Examined the control records relating to the Christmas market stall rents with no issues arising;

- Reviewed detail of unpaid invoices as of 31st January 2026 and are pleased to record that no long-standing debt exists at that date.

Conclusions

As indicated above, no issues arise in relation to the income streams examined in the year to date warranting formal comment or recommendation.

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). 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 then 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 our initial interim review, we checked and agreed the physical cash holding to the maintained record also ensuring that the 11 payments made between 1st July 2025 and our first visit date were appropriately supported by till receipts, etc. We noted that only one payment in the period reviewed included an element of VAT, that amount being regarded as insignificant and, consequently, had not been identified as recoverable. Due to the way the petty cash account transactions are recorded (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, consequently, the AGAR.

Conclusion and recommendation

Appropriate accounting arrangements should be put in place to ensure that, whilst relatively 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 transactions duly recorded in the cashbook account. This would also facilitate the identification and recording of any recoverable VAT incurred on purchases during the year.

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. This will be addressed in conjunction with Rialtas when they assist with the year-end closedown of the Omega accounts.

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 at our first review for the year, by reference to the Office Manager's record of staff in post, which identifies the approved point on the NJC pay scale and contracted weekly working hours: -

- Agreed the gross salaries paid to each employee in August 2025, which month's payroll included 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 for 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 remaining monthly CCLA income in the Barclays current bank account at our final review.

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.	<i>This will be addressed in conjunction with Rialtas when they assist with the year-end closedown of the Omega accounts.</i>