Wroughton & Wichelstowe Parish Council

Internal Audit Report (Interim update) 2025-26

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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 sets out the work undertaken in relation to the 2025-26 financial year both in advance of and subsequent to our two review visits to the Council for the year on Thursday 20th November 2025 and Monday 9th February 2026. We thank the Clerk and her staff for assisting the process, providing all requested documentation to facilitate the progress of our review.

Internal Audit Approach

In undertaking our review, we have again had 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 'IA Certificate' in the Council's AGAR, which requires independent assurance over a number of internal control objectives.

Overall Conclusion

In undertaking these two interim reviews of the Council's accounting and governance controls for 2025-26, we have again identified a number of areas where we consider that the Council's working practices require strengthening to ensure the accuracy and probity of financial transactions and more effective management of public funds. Detail of the work undertaken to date this year is set out in the following detailed report with resultant recommendations summarised in the appended Action Plan for ease of members' reference.

In accordance with the requirements of the Practitioner's Guide, this report should be presented to the Council: we would also appreciate a formal response / update on action taken to address the recommendations set out in the appended Action Plan prior to our next review visit which has been scheduled for Monday 9th February 2026.

Detailed Report

Maintenance of Accounting Records & Bank Reconciliations

The Council's accounting records are maintained in the Rialtas Omega software with the main financial transactions conducted through the Co-op Current and Deposit accounts, with daily automatic account transfers between the two to maintain an end-of-day balance of £5,000 in the former account: transactions are consequently recorded in a single cashbook in Omega with no need to record the automatic inter-account daily transfers. Further deposit accounts holding surplus funds are in place with the Nationwide Building Society, Unity Trust Bank and CCLA Public Sector Deposit Fund (PSDF).

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

- Ensured the accurate carry forward of closing trial balance detail for the prior year to the current year's Omega records;
- Verified that the financial ledgers remain "in balance" for 2025-26 at 31st January 2026;
- Ensured that an appropriate Cost Centre and Nominal Account code structure is in place;
- Examined transactions in the Co-op accounts for April and October 2025, plus January 2026 agreeing entries to the supporting bank statements;
- Examined and agreed transactions on the other three accounts for the year to 31st January 2026, noting that the monthly PSDF interest is paid directly into the Co-op Current account; and
- Checked and agreed detail on all accounts' bank reconciliations on 30th April, plus 31st October 2025 and January 2026

In reviewing the main cashbook for the year to date, we note that, following implementation of the Omega Purchase Ledger (PL) in April 2025, a high proportion of entries do not identify the name of the supplier, purely referring to the PL page reference. Similarly, in those instances, the "Transaction" detail column in the cashbook only records the same PL page reference number. Consequently, identification of the service / goods provider is not straightforward and affords no detail of the purpose / nature of the payment.

Last year and again this year, we have discussed with the Clerk the benefits of applying sequential numbers to transactions as they are processed either throughout the year or on a month-by-month basis. The sequential numbers should be entered in the cashbook when recording the payment detail as though they were a cheque number (the Omega cashbook "reference" column refers). Those numbers should then be recorded on the invoices for payment with the invoices filed sequentially in each month's section of the lever arch files: this would simplify the task of tracing invoices and also ease members' task in verifying and approving the documentation supporting payments.

We are pleased to note that reconciliations are printed and held on file, also being presented to and adopted periodically by the Finance and General Purposes Committee: we note however that the reconciliations have not been signed off routinely during the course of the year to date and urge that appropriate action be taken to ensure that they are signed off at least once quarterly in accordance with best practice. The NALC model Financial Regulations (FRs) also require that the reviewing councillor is neither the Chairman or an account signatory and that the bank statements are similarly signed off as and when the reconciliations are checked and signed off.

Conclusions and recommendations

As indicated above, the way day-to-day financial transactions are recorded in the Omega cashbooks should be amended to ensure clarity of detail and ease of identification of payees and the nature of the payment being made. We have discussed this with the Clerk suggesting that Rialtas be contacted for guidance on the simplest way of ensuring that full and effective information is identified in the cashbooks in both the Payee name and Detail columns. As also indicated above, bank reconciliations and statements should be subjected to periodic evidenced review and sign off.

R1. The recording of cashbook transactions in Omega should be undertaken as suggested in the body of the report to provide an easy means of identification of the payee and detail of the nature of the payment made with simplified cross-referencing to the supporting invoices documentation.

R2. Ideally, payments recorded in the cashbooks should be sequentially numbered with those numbers also clearly identified on the supporting invoices / payment documentation.

R3. As indicated in last year's report bank reconciliations on all accounts should be subjected to evidenced member review and formal sign-off, together with the underlying bank statements, at least once quarterly.

Review of Corporate Governance & Regulatory Framework

Our objective here is to ensure that the Council has a robust regulatory framework 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 as we do not attend meetings, no actions of a potentially unlawful nature have been or are being considered for implementation.

We are pleased to note that the Council has adopted both SOs and FRs, the former in line with the most recently published NALC model document, whilst the latter remain in the format of a prior version of the NALC model document: we do not consider this to be a significant issue and are pleased to note that both documents record a consistent value of £25,000 for formal tender action. We do, however, suggest that when the documents are next reviewed (May 2026?), consideration be given to adopting the latest NALC model FRs suitably tailored to meet local circumstances.

We have reviewed Council and Committee minutes, excluding those relating to Planning matters, for the financial year to date reading those, as published on the website, to ensure that the Council has neither considered nor is considering taking any actions that may result in ultra vires expenditure being incurred and are pleased to record that no such issues have been identified.

The Council is required to publish the external auditor's certificate on its website annually: we note that the Council has, to date, only received a "holding" statement from PKF Littlejohn and, despite correspondence with them subsequent to our first review visit for the year, is still awaiting the formal sign-off of the 2024-25 AGAR: we will check on progress at our final review.

We are pleased to note that the Council has published the statutorily required Notice of Public Rights for the requisite 30 working days.

Conclusions and recommendation

We shall undertake further work in this area at our final review extending our examination of minutes for the remainder of the financial year and as indicated above, checking the current position on the external auditor's certification of the 2024-25 AGAR.

R4. The Council should, when next reviewing its extant Financial Regulations consider adopting the latest NALC model document, suitably tailored to meet local circumstances.

Review of Expenditure

Our aim here is to ensure that: -

- Council resources are released in accordance with the approved procedures and budgets;
- Payments are appropriately supported, 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;
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount;
- An official order has been raised on each occasion when one would be expected;
- The correct expense codes have been applied to invoices when processed; and
- VAT has been appropriately identified and coded to the control account for periodic recovery.

We have discussed with the Clerk the procedures in place for the placement, approval and release of funds and consider them generally sound with members initialling invoices as evidence of their scrutiny and approval for payment. We also note that members are provided with a schedule of payments for approval, although we understand that members have expressed some concerns regarding its format, content and ease of interpretation: as detailed in the first section of this report, we have made appropriate recommendations and trust that appropriate action will be taken to more clearly record payment detail in the cashbooks to help members and ourselves trace the relevant supporting documentation to the payments listed in the cashbooks (Recommendations R1 & R2 refer).

To ensure compliance with the above criteria, we have selected a sample of 41 payments processed rough the accounts during the year to 31st January 2026: our test sample totals £191,550 equating to 63% by value of non-pay related payments in the year to that date. As indicated above, tracing the invoices in the relevant lever arch files would be simplified by assigning a sequential number to each invoice paid, including those paid by direct debit or standing order.

We are, however, pleased to record that in working through the files of paid invoices, those held on file bear clear evidence of member scrutiny and approval. We are also pleased to note the action taken to obtain an appropriately designed certification stamp that is now placed on invoices, as we recommended last year. All invoices in our test sample were traced with no issues arising apart from noting at our first visit that VAT had been recorded as payable on one payment made to Castle Water on 25th June 2025. The supply of water is non-vatable and, consequently, an appropriate journal should be raised correcting this mis-posting prior to the year-end closedown of the accounts.

Conclusions and recommendation

Whilst no significant issues arise in this area this year other than the aforementioned ease of identification of payees, etc detail, the identified erroneous inclusion of VAT when posting the payment to the cashbook of the June 2025 payment to Castle Water should be corrected by journal.

We will extend our test sample to include payments over the remainder of the year at our final update review, also checking the appropriate recovery of expended VAT during the year.

R5. An appropriate journal should be raised correcting the mis-posting of VAT on the June payment to Castle Water.

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 a financial, governance and health / safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks in order to minimise the opportunity for their coming to fruition.

We note that the Council has a formal Risk Management Policy in place which was reviewed and re-adopted by the Council in March 2025. We have reviewed the resultant document and consider it generally appropriate for the Council's present requirements, although we feel that it could beneficially be expanded in certain areas. Consequently, we provided, following our 2024-25 final review, the Clerk with a slightly more detailed form of risk register that is in use by a number of our clients suitably tailored to their own specific circumstances and suggested that, when the Council's own register is next subjected to review, an amalgam of the existing and provided document be applied to further strengthen the content of the existing document.

We understand that the document is being / will be subject to further review and will be presented to Council for formal approval and adoption prior to the financial year-end.

We have examined the Council's 2025-26 insurance policy, arranged through Aviva, noting that appropriate premises, furniture, fittings, equipment, etc cover is in place, together with Public and Employer's Liability cover both set at £10 million and Fidelity Guarantee (FG) cover set at £150,000. With almost £1 million currently on deposit in the Council's various bank accounts, the current level of FG cover falls well below the level that was recommended by the former Audit Commission (i.e. the year-end balance plus a half-year's precept): consequently, we again suggest that consideration be given to increasing the level of FG cover accordingly.

Conclusions and recommendation

We will check to ensure that the risk register is formally reviewed and re-adopted by the Council prior to the close of the current financial year in accordance with the requirements of "The Practitioner's Guide".

Given the high value of funds currently retained in bank accounts, we again urge that the Council reviews and considers increasing its FG cover bringing it more closely into line with the former Audit Commission guideline.

R6. The Council should ensure that the Risk Register is reviewed and re-adopted prior the current financial year-end, also expanding it in certain areas to cover, inter alia, further governance related matters.

R7. The Council should consider increasing the existing level of Fidelity Guarantee cover to a more realistic level given the level of funds held in the various bank accounts.

Budgetary Control and 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 Wiltshire

Council: 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 that might arise.

We are pleased to note that, following due debate, the budget and precept for 2026-27 were formally approved and adopted at the full Council meeting in January 2026 with the latter set at £792,448.

We again note that members are presented with budget reports periodically during the year with discussion on any significant or apparent areas of overspend / variance: we have viewed the latest Omega budget report as at 31st January 2026, also examining the detailed Omega transaction reports where any significant areas of overspend exist seeking and receiving appropriate explanations for their existence. At the above date income stands at 105% of the approved budget for the year and expenditure at 86% neither of which give cause for concern.

Conclusions

We are pleased to record that no issues arise in this area warranting formal comment or recommendation at this stage of our review. We will review the year-end budget outturn and consider the continued appropriateness of the year-end retained reserves to meet the Council's ongoing revenue spending requirements and development aspirations.

Review of Income

Our objective in this area is to ensure that the Council identifies and recovers all income to which it is entitled and has appropriate arrangements in place to ensure its timely recovery: income arises from a variety of sources, with the controls over the following examined by us to date.

Allotments

The Council uses the Rialtas allotment software to manage allotments including the raising of sales invoices and ensuring recovery of income due. We have examined the control report generated by the software with no issues arising with all but one very new tenant having paid their rent at 31st January 2026.

Unpaid debt

We have examined the 2 Omega Sales Ledger records (General and Allotments) of unsettled debts as of 31st January 2026 with no long-standing invoices remaining unpaid.

General

Finally in relation to income, we have examined the nominal income codes ensuring that, as far as we are reasonably able to establish, income due to the Council has been received and coded appropriately for the year to date.

Conclusions

We are pleased to record that no concerns or issues arise in this area this year: we will undertake further work in this area at our final review.

Petty Cash Account and Cash Income

We are required, as part of the AGAR IA Certification process, to examine the operative controls over any petty cash account and / or other cash holdings. Accordingly, we note the existence of a single petty cash account held in the Council office that is used to finance any ad hoc Council and library expenses. The library also receives cash income by way of fines for delayed book returns and other miscellaneous receipts.

At the time of our first review visit for the year, no physical petty cash was held, although we noted a recorded balance of £48.50 in the Omega accounts: we now note that no further transactions have been recorded in the Omega cashbook since July 2025 with the balance still recorded as £48.50. We note and appreciate the difficulties being experienced by this Council (and many others) in being able to replenish expended petty cash with the continuing closure of High St banks. Consequently, we have, at this update review, rechecked the physical cash held in the petty cash account tin noting that £21.37 was held, plus a 5 Euro note. Additionally, 12 tile receipts

We have at this update visit rechecked the physical petty cash holding noting that £21.37 plus 12 till receipts, etc totalling £78.34 since the last entry in the Omega cashbook (July 2025): we also note the holding of a 5 Euro note in the petty cash tin. Given the recorded balance of £48.50 in the Omega cashbook, the spend of £78.34 plus the physical cash holding implies that the Omega balance should have recorded a value of £99.71 (i.e. £21.37 physical cash and till receipts of £78.34). Appropriate entries should be made in the Omega cashbook to reflect the current physical cash balance. Going forward and to ensure accuracy of recording therein, we urge that the Omega cashbook detail is updated routinely, ideally monthly, although quarterly would be acceptable.

We have also checked the library cash income / holding since the last banking to the supporting records with no issues arising in that respect.

Conclusions and recommendations

As indicated above, we urge that the Omega Petty cash account cashbook is updated regularly during the year to reflect monthly or, as a minimum, detail of quarterly transactions.

R8. *The formal Omega Petty cash account cashbook should be routinely updated during the course of the year to record detail of all individual payment transactions to facilitate timely and accurate posting of expenditure incurred to the appropriate cost centre and nominal account code.*

R9. *We also suggest that a councillor undertakes a periodic check of the physical petty cash holding agreeing it to the supporting documentation.*

Review of Staff Salaries

In examining the Council's payroll function, we aim to confirm that extant legislation is being observed appropriately as regards adherence to the Employee Rights Act 1998 and the requirements of HMRC legislation as regards the deduction and payment over of income tax and NI contributions.

We have checked the salaries paid to all staff in August 2025 by reference to the Council's "Establishment record" as provided by the Clerk and copies of each staff member's payslip: August was selected for review as the 2025-26 nationally agreed pay award was implemented that month together with arrears back dated to 1st April 2025.

In undertaking this review, we have: -

- Checked the basis of the month's gross salary and arrears payable backdated to 1st April 2025, noting that virtually all gross salaries have been paid at the 2024-25 pay rate;
- Checked, by reference to the relevant tax and NI tables for each employee to ensure that tax and NI deductions have been calculated appropriately noting that only one staff member's tax is correct: we are pleased to record that each member's NI deduction is correct; and
- Checked that the appropriate pension contribution percentage has been applied to all staff contributing to the LG Pension Scheme, noting that the deductions applied to 3 staff members are incorrect being charged at the next lower percentage rate based on their gross salary and any overtime or other enhancements.

Conclusions and recommendation

In checking the basis of gross salaries paid to staff following application of the 2025-26 national pay award in August 2025, we have noted that the annual pay award was only applied to one staff member's salary that month, although the arrears due from 1st April have, in the main, been applied correctly to other staff with that month's gross salary payments.

As last year, we have identified a number of anomalies in the gross pay, arrears and deductions applied to staff's August 2025 salaries and understand that, due to an anomaly identified by the Clerk in a previous month's tax deductions, an amendment to them was applied, which may have triggered the anomalies we identified relating to deducted tax in the August pay slips. We have discussed this with the Clerk who has agreed to investigate further: we have also provided her with a summary spreadsheet highlighting where probable anomalies have been identified in staff gross pay, arrears payable, tax, NI and the pension deductions applied and ask that she follow these up to ensure that staff pay is corrected going forward. The clerk has also, subsequent to our visit, provided copies of the September, October and November 2025 payslips in which we have noted that staff gross pay has been calculated at different values for each staff member for each of these three months.

Unless a further month's pay award arrears have been incorporated with the September or subsequent month's salary payment, staff will have been underpaid by one month's increased salary as the pay award arrears have only been calculated for four months (i.e. April to July) in all but one case.

We have also noted that the £10 Mobile phone allowance paid to a number of staff has been included in calculating tax, NI and pension contributions payable: we have discussed this with the Clerk suggesting that she seeks clarification on whether such an allowance should be included in the calculation of these deductions / contributions.

Given the apparent anomalies in the payslips for August to November 2025, we will undertake further work in this area at our final review visit and ask that the Clerk has appropriate documentation available for us to examine at that visit identifying the basis of gross pay calculations for the March salaries, also clarifying the basis of the tax and other deductions.

R10. The Clerk should review the August and subsequent months 2025 payslips in the light of our findings ensuring that the appropriate gross salaries have been paid in the last four months' salary payments for the year taking account of the 2025-26 national pay award.

R11. The apparent tax deduction anomaly for each employee should be further investigated with appropriate adjustments made, where applicable in the next payable month's salaries.

R12. The tax, NI and pension position in relation to the £10 Mobile phone allowance paid to most staff should be clarified with appropriate. If necessary, adjustment made to staff salary deductions.

R13. Given the number of anomalies identified in this and last year's payroll preparation, we urge that the Council seeks guidance from and employs an external agent to prepare the monthly payroll, HMRC and Pension Fund Administrator returns, easing the workload of the Clerk and ensuring more accurate recording of pay associated transactions and payment to both employees and external agents.

Investments and Loans

As indicated earlier in this report, the Council has placed surplus funds in three accounts in various banking institutions. We are pleased to note that, following our 2024-25 report recommendation, the Council has prepared and adopted a formal Investment Strategy in line with the requirements of the Guidance on Local Government Investments issued by the Secretary of State for Housing Communities and Local Government in 2018 for periods after 1st April 2018. We have reviewed the resultant document ad consider it appropriate for the Council's present requirements.

The Council has no loans in place repayable either to or by it.

Conclusions

No issues arise in this area at resent warranting formal comment or recommendation.

Rec. No.	Recommendation	Response
Review of Accounting Arrangements and Bank Reconciliations		
R1	The recording of cashbook transactions in Omega should be undertaken as suggested in the body of the report to provide an easy means of identification of the payee and detail of the nature of the payment made with simplified cross-referencing to the supporting invoices documentation.	
R2	Ideally, payments recorded in the cashbooks should be sequentially numbered with those numbers also clearly identified on the supporting invoices / payment documentation.	
R3	As indicated in last year's report bank reconciliations on all accounts should be subjected to evidenced member review and formal sign-off, together with the underlying bank statements, at least once quarterly.	
Review of Corporate Governance		
R4	The Council should, when next reviewing its extant Financial Regulations consider adopting the latest NALC model document, suitably tailored to meet local circumstances.	
Review of Expenditure and VAT		
R5	An appropriate journal should be raised correcting the mis-posting of VAY on the June payment to Castle Water.	
Assessment and Management of Risk		
R6	The Council should ensure that the Risk Register is reviewed and re-adopted prior the current financial year-end, also expanding it in certain areas to cover, inter alia, further governance related matters.	
R7	The Council should consider increasing the existing level of Fidelity Guarantee cover to a more realistic level given the level of funds held in the various bank account.	
Review of Petty Cash holdings		
R8	The formal Omega Petty cash account cashbook should be routinely updated during the course of the year to record detail of all individual payment transactions to facilitate timely and accurate posting of expenditure incurred to the appropriate cost centre and nominal account code.	
R9	We also suggest that a councillor undertakes a periodic check of the physical petty cash holding agreeing it to the supporting documentation.	

Rec. No.	Recommendation	Response
Review of Staff Salaries		
R10	The Clerk should review the August and subsequent months 2025 payslips in the light of our findings ensuring that the appropriate gross salaries have been paid in the last four months' salary payments for the year taking account of the 2025-26 national pay award.	
R11	The apparent tax deduction anomaly for each employee should be further investigated with appropriate adjustments made, where applicable in the next payable month's salaries.	
R12	The tax, NI and pension position in relation to the £10 Mobile phone allowance paid to most staff should be clarified with appropriate. If necessary, adjustment made to staff salary deductions.	
R13	Given the number of anomalies identified in this and last year's payroll preparation, we urge that the Council seeks guidance from and employs an external agent to prepare the monthly payroll, HMRC and Pension Fund Administrator returns, easing the workload of the Clerk and ensuring more accurate recording of pay associated transactions and payment to both employees and external agents.	