MONK HESLEDEN PARISH COUNCIL

Together We Deliver

INTERNAL AUDIT REPORT

1st April 2025
to
31st March 2026

Relating to

MONK HESLEDEN PARISH COUNCIL
68 Middle Street
Blackhall Colliery
Hartlepool
TS27 4EA
www.monkhesleden-pc.gov.uk
e-mail:clerk@monkhesleden-pc.gov.uk

TABLE OF CONTENTS

1	**ANNUAL AUDIT REPORT**

Assurance Opinion:	Annual Report – Substantial
Audit Prepared by:	William David Moore
Date issued:	16 April 2026
For Action:	Lynda Wardle, Clerk to Monk Hesleden Parish Council
For Information:	Members of the Monk Hesleden Parish Council

2 CONFIDENTIALITY

This report is confidential and prepared solely for use by the Clerk and Elected Members of Hesleden Parish Council and therefore it is not appropriate for the report or extracts to be made available to third parties.
It must not be used in response to Freedom of Information requests or Data Protection enquiries without the written consent of the Auditor who accepts no responsibility to any third party that may receive it report, wholly or in part, for any reliance that they may place on it.

3 INTRODUCTION

3.1 As part of the 2025/26 Audit Plan, Internal Audits were carried out to evaluate the control framework in place on the management of the risks associated with the Monk Hesleden Parish Council's activities.

3.2 The Interim Audit in October 2025, covered the period 1st April 30th September 2025, and the Annual Audit in April 2026, covered the period 1st October 2025 to 31st March 2026.

3.3 The review considered the effectiveness of the arrangements in place that support the core financial systems as set out in the Annual Internal Audit Report of the Small Bodies Annual Return as set out in Appendix A – Table of Assurance Ratings.

4 BACKGROUND

4.1 This review was undertaken in accordance with the Service Level Agreement between Monk Hesleden Parish Council and William David Moore.

4.2 The Council uses the Rialtas Business Solutions (RBS) Ltd Financial and Administration software systems Omega Income & Expenditure accounting package.

4.3 The Rialtas Business Solutions (RBS) accounting software package has an inbuilt report that identifies all transactions for a defined period.

4.4 The Parish Clerk & Responsible Finance Officer is responsible for creating and allocating accounting codes and inputs all data into the system.

5 SCOPE AND AUDIT APPROACH

5.1 The Annual Internal Audit Report of the Small Bodies Annual Return (Appendix C) sets out the scope of the audit and the approach taken during the review and aims to help the Council achieve its objectives by providing an opinion on the adequacy of the control framework in place to manage risks effectively.

5.2 The conclusions of the review form the basis for determining the Auditors opinion on the adequacy and effectiveness of the entire control environment operating across the whole of the Council that is required in order to complete the Annual Governance and Accountability Return (AGAR).

5.3 The entire audit report should be presented to the Parish Council along with the Annual Governance and Accountability Return (AGAR) at the first available opportunity following receipt by the Parish Clerk.

6 ANNUAL BUDGET

6.1 Annual Precept

6.1.1 The Parish Precept requirement for 2025/26 resulted from an adequate budgetary process supported by appropriate budgetary information and was agreed by Council on the 22nd December 2024[1].

6.1.2 Expenditure against the budget was monitored on a regular basis and reserves were within acceptable parameters bearing in mind the ongoing and proposed Capital projects.

6.1.3 Where appropriate, debtors and creditors were properly recorded and accounted for in the correct year.

6.1.4 Examination of the Annual Governance and Accountability Return (AGAR) for the Year Ended 31 March 2026 identified that the Parish Council's Reserves had decreased from £582,781 on 31st March 2025 to £516,843 on 31 March 2026.

7 STANDING ORDERS & FINANCIAL REGULATIONS

7.1 Standing orders

7.1.1 The Parish Council reviewed its Standing Orders on Monday, 15th May 2025[2] and published them on their Website.

7.2 Financial Regulations

7.2.1 The Financial Regulations were updated and approved by the Parish Council on 23rd March 2025[3] and published them on their Website.

7.2.2 All members and Officers are responsible for obtaining value for money at all times. An officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any de-minimis provisions.

[1] **Minute mh24-2597 refers**
[2] **Minute mh25-2617 refers**
[3] **Minute mh25-26119 refers**

7.2.3 Financial Regulations require that 'as far as reasonable and practicable' the best value terms are obtained in respect of each transaction. To secure value for money, the Parish Clerk undertakes adequate research taking into account if they are the only local supplier, have provided good service previously, are reliable and/or by recommendation.

7.2.4 Records are maintained should any procurement be challenged.

7.2.5 The Parish Council's Financial Regulations have been complied with as payments are supported by invoices and Value Added Tax appropriately accounted for.

8 ACCOUNTING

8.1 The Annual Governance and Accountability Report (AGAR) for 2024/25 was signed off by the Council's external auditor on 22nd September 2025 and was published on the Parish Council's Website.

9 PAYMENTS

9.1 Invoices

9.1.1 A review of over 100 income and expenditure transactions made during the period 1st April 2025 to 31st March 2026 identified that they were prepared on the correct accounting basis. They agreed with the cashbook and were supported by legitimate documentation and audit trail. All had been properly accounted for in the correct year.

9.1.2 All payments were made by cheque or Direct Debit via the Parish Council's Co-op banking facility. Cheques were signed by two Councillors and countersigned by the Parish Clerk & Responsible Finance Officer in accordance on the bank mandate.

9.1.3 All expenditure incurred was reported by the Parish Clerk & Responsible Finance Officer to Council at the monthly meetings and recorded in the minutes.

9.1.4 Payments over £500 were published on the website every month following approval at the Parish Meeting and in accordance with the Transparency Agenda.

9.1.5 Where applicable, transactions within the threshold of £3,000 to £60,000 (which required three quotations) were reported to Council and the contracts awarded in an appropriate way, (See 7.2 above) approved by Council and recorded in the minutes.

9.2 Salaries to Employees

9.2.1 The Parish Council employs the services of Durham County Council to prepare the payment of wages and salaries.

9.2.2 The Parish Council has an establishment comprising 4 full time employees, 3 part time employees, and 1 full time apprentice for 2025/26.

9.2.3 All are employed under National Joint Council for Local Government Services Terms and Conditions and Pay scales.

9.2.4 The H.M.R.C previously changed the way it collects tax and national insurance in real time, and the County Council requires Monk Hesleden Parish Council to agree to a service level agreement in which the Parish Council sets up a BACS system were staff are paid directly from the Parish Council's current account. This involves two payments one for staff salaries at net pay and the second payment for tax, national insurance, superannuation and employer's contributions, which become due the following month.

9.3 Allowances & Expenses to Councillors

9.3.1 No allowances or expenses for Councillors had been made which corresponded with a statement to that effect included within the Transparency Section of the Council's website.

9.4 Petty Cash

9.4.1 The Council operates a petty cash system whereby each transaction is supported by a signed voucher and receipt. Petty cash usage is included in the expenditure reports presented to Council. Where appropriate Value Added Tax is accounted for.

9.4.2 Cash received over the counter for dog bags and printing is of low value and is held in a cash tin and banked when necessary.

9.4.3 Income based on correct prices was fully received, properly recorded and promptly banked and Value Added Tax accounted for.

9.5 Section 137 – Donations

9.5.1 The Parish Council had approved a number of donations which were recorded in the minutes and RBS OMEGA accounting software package.

10 INCOME FEES & CHARGES

10.1 Other Income

10.1.1 Examination of the accounts highlighted that in addition to the Precept, the Council had been successful in obtaining funding from outside organisations to fund ongoing capital works and other projects.

10.1.2 Income based on correct prices was fully received, properly recorded and promptly banked and Value Added Tax accounted for.

10.2 Value added Tax

10.2.1 The RBS OMEGA accounting software package has an inbuilt report that identifies all transactions for a defined period. The output from the report feeds directly into the Value Added Tax return and claimed when necessary.

10.2.2 Claims to recover £38,131.20 Value Added Tax for the period 1st April 2025 to 30th September 2025, £20,428.48 for the period 1st October 2025 to 31st December 2025 and £8,665.99 for the period 1st January 2026 to 31st March 2026 from H.M. Revenue & Customs was verified against the transaction report for the period.

11 RISK REGISTER

11.1 The Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

11.2 The Council's Risk Register was considered and approved on 2nd March 2026[4].

11.3 Having viewed the Risk Register it is possible to confirm that the Parish Council is conscious of the requirement to maintain an adequate register detailing the activity, risk, responsible owner and controls in order to achieve its objectives. These are periodically reviewed with identified actions being noted.

[4] **Minute mh25-26119 refers**

12 ASSETS REGISTER

12.1 The Council's Asset Register Values were reviewed and approved by the Parish Council on 23rd March 2026.

12.2 Values are to be reported to Council within the annual statement of accounts approval in due course.

12.3 On the information made available the Register appears to be complete, accurate, and properly maintained.

13 BANKING

13.1 Bank reconciliation was undertaken on a regular basis and the balance crosschecked against the bank statements. These were submitted by the Parish Clerk as part of the monthly reporting process for Members to review and approve.

13.2 The bank reconciliation process confirmed that all transactions have been accurately recorded and appropriate accounting records maintained.

14 TRANSPARENCY REQUIREMENTS

14.1 To meet transparency requirements the Parish Council has a .gov.uk mail address and it publishes its current Policy documents and other information on its free to access website.

15 CAPITAL WORKS PROGRAM

15.1 The Parish Council has a defined Capital Works Program and the cost of estimated works are included in the annual budget.

15.2 It is understood that a number of other projects are under active consideration.

15.3 Should a project become necessary during the next financial year a budget sum will be allocated by the Parish Council and funds transferred from General Reserves.

15.4 Cemetery

15.4.1 The Parish Council operates 2 Cemeteries.

15.4.2 The majority of income collected by the Council is for burial/cemetery fees.

15.4.3 A firm specialising in Ground maintenance operations has been contracted to undertake grass cutting and other general operations.

15.4.4 Debtor invoices are raised in the name of the Funeral Director.

15.4.5 In the main, income is received via BACs but processes are in place to ensure that payments, including cheques, received from other sources are appropriately recorded and banked in a timely manner.

15.4.6 The Parish Council reviewed its Cemetery Fees and charges on 17th November 2025 prior to agreeing the 2026/27 budget.[5]

15.4.7 Debtor accounts are raised for other income.

[5] **Minute mh25-2694 refers.**

15.4.8 A transaction report generated within the RBS Accounting software listing all invoices from 1st April 2025 to 31st March 2026 was reviewed as part of the audit to verify that V.A.T. being reclaimed from HM Revenue & Customs was accounted for.

16 SUMMARY, CONCLUSION AND OVERALL ASSURANCE OPINION

16.1 Commenting on the 2024/25 AGAR report the External Auditor highlighted that the Council stated that it maintained an effective internal audit function throughout the year. However, the internal audit report was signed and dated after the approval of the Annual Governance Statement (AGS). Although the internal auditor’s report suggests that audit work was conducted throughout the year prior to the approval of the Annual Governance and Accountability Return, the Council should, in future, ensure that the internal audit report is formally signed and dated before the Annual Governance Statement is approved.

16.2 Based upon the Assurance Ratings (Appendix A) I conclude from the audit that:

- the control framework and procedures in place are effective in managing the associated risks and that they provide a Substantial Level of Assurance.
- appropriate accounting records have been kept properly throughout the year.
- The audit highlights that there were no high or medium priority recommendations.

17 RECOMMENDATIONS AND SUGGESTIONS

17.1 Recommendations and Suggestions and are made to help improve the Paris Council’s control framework and have been discussed with the appropriate officers and their views taken into account.

17.2 There are no suggestions or recommendations resulting from this Internal Audit.

W.D. Moore

18 APPENDIX A – TABLE OF ASSURANCE RATINGS

Opinion	Definition
Substantial Assurance	There is a sound system of control. Any weaknesses identified expose some of the system objectives to minor risk.
Moderate Assurance	Whilst there is a basically sound system of control, there are some weaknesses, which expose objectives to risk.
Limited Assurance	There are weaknesses in key areas in the system of control, which expose objectives to unacceptable levels of risk.

19 APPENDIX B – TABLE OF PRIORITY ASSURANCE RATINGS

Priority	Definition
High	Action required, that is considered imperative, to improve the control environment so that objectives are not exposed to unacceptable risks through lack of or weaknesses in critical or key controls.
Medium	Action required to improve the control environment so that objectives are not exposed to risks through weaknesses in controls.
Best Practice	The issue merits attention and its implementation will enhance the control environment.

AGAR certificate reference	Internal Audit action for expected controls
A. Appropriate accounting records have been properly kept throughout the year. AND Periodic bank account reconciliations were properly carried out during the year.	● Ensure the correct roll forward of the prior year cashbook balances to the new financial year. ● Check a sample of financial transactions in cashbooks to bank statements, etc: the sample size dependent on the size of the authority and nature of accounting records maintained. ● Ensure that bank reconciliations are prepared routinely, are subject to independent scrutiny and sign-off by members. ● Verify the accuracy of the year-end bank reconciliation detail and ensure accurate disclosure of the combined cash and bank balances in the AGAR, section 2, line 8. ● Where the authority has bank balances in excess of £100,000 it has an appropriate investment strategy.
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for.	● Review the procedures in place for acquisition of formal tenders and quotes, ensuring they are in line with the SOs and FRs which should be based on the latest version. ● Ensure that consistent values are in place for the acquisition of formal tenders between SOs and FRs (frequently different limits are recorded in the two documents).

	● Review the procedures for receipt of invoices, agreement of invoice detail and confirmation of goods/ services delivery and approval for payment; ideally, a suitably designed certification stamp should be in place providing for evidencing of these checks and payment authorisation. Check that there is effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments. ● Check that VAT reclaims are prepared and submitted in a timely manner in line with the underlying records and in accordance with current HMRC requirements. ● Where debit / credit cards are in use, establish the total monthly and individual transaction limits and ensure appropriate controls over physical security and usage of the cards are in place.
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	● Ensure that authorities have prepared and formally adopted, at least once annually, an appropriate and comprehensive register of assessed risks, both regular and ad hoc. ● Ensure that appropriate levels of insurance cover are in place for land, buildings, public, employers' and hirers' (where applicable) liability, fidelity/ employees (including members) liability, business interruption and cyber security.

	• Ensure that appropriate arrangements are in place for monitoring play areas, open spaces and sports pitches; such reviews should be undertaken by appropriately qualified external inspectors or, if by officers or members, that they have received the appropriate training and accreditation. • Review the effectiveness of internal control carried out by the authority.
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	• Ensure that the full Authority, not a committee, has considered, approved and adopted the annual precept for the coming year in accordance with the required parent Authority timetable • Ensure that current year budget reports are prepared and submitted to the Authority/ Committees periodically during the year with appropriate commentary on any significant variances. • Review the budget performance either during the year or at the financial year-end seeking explanations for any significant or unanticipated variances. • Ensure that the Authority has considered the establishment of specific earmarked reserves and, ideally, reviews them annually as part of the budget assessment process. • Ensure that the precept received in the accounts matches the prior year submission form to the relevant authority and the public record of precepted amounts.

E. Expected income was fully received based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.	● Review "Aged debtor" listings to ensure appropriate follow up action is in place. ● **Allotments**: ensure that appropriate signed tenancy agreements exist, that an appropriate register of tenants is maintained, identifying that debtors are monitored. ● **Burials**: ensure that a formal burial register is maintained, that it is up-to-date and that a sample of interments and memorials are appropriately evidenced, that fees have been charged at the correct approved rate and been recovered within a reasonable time: (Authorities should also acquire and retain copies of Burial/Cremation certificates) ● Hall hire: ensure that an effective diary system for bookings is in place identifying the hirer, hire times and ideally cross-referenced to invoices raised. ● **Leases:** ensure that leases are reviewed in a timely manner in accordance with the terms of the lease and rents similarly reviewed appropriately at the due time. ● **Other variable income streams:** ensure that appropriate control procedures and documentation are in existence to provide a clear audit trail through to invoicing and recovery of all such income. ● Where amounts are receivable on set dates during the year, ensure that an appropriate control record is maintained duly identifying the date(s) on which income is due and actually received / banked.

F.	Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for	• A number of authorities are now running down and closing their petty cash accounts and using debit / credit cards for ad hoc purchases. Consequently, a "Not covered" response is frequently required in this area. • Review the systems in place for controlling any petty cash and also cash floats (used for bar, catering, etc). • Check a sample of transactions during the financial year to ensure appropriate supporting documentation is held. • Review the existence of evidenced periodic independent verification of the petty cash and any other cash floats held. • Ensure that VAT is identified wherever incurred and appropriate. • Physically check the petty cash and other cash floats held. • Where bar or catering facilities are in place, ensure that appropriate cashing-up procedures are in place reconciling the physical cash takings to the till "Z" total readings
G.	Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.	• Ensure that, for all staff, a formal employment contract is in place together with a confirmatory letter setting out any changes to the contract. • Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability.

	• Ensure that, for a sample of staff salaries, gross pay due is calculated in accordance with the approved spinal point on the NJC scale or hourly rate, if off-scale, and also with the contracted hours. • Ensure that appropriate tax codes are being applied to each employee. • Where free or paid for software is used, ensure that it is up to date. • For the test sample of employees, ensure that tax is calculated appropriately. • Check the correct treatment of Pension contributions. • For NI, ensure that the correct deduction and employer's contributions are applied: NB. the employers allowance is not available to councils but may be used by other authorities • Ensure that the correct employers' pension percentage contribution is being applied. • Ensure that for the test sample, the correct net pay is paid to the employee with tax, NI and pension contributions correctly paid to the respective agencies.
H. Asset and investment registers were complete and accurate and properly maintained. This section/assurance should be extended to include loans to or by the authority	**Tangible Fixed Assets:** • Ensure that the Authority is maintaining a formal asset register and updating it routinely to record new assets at historic cost price, net of VAT and removing any disposed of/ no longer serviceable assets. • Physically verifying the existence and condition of high value, high risk assets may be appropriate.

	- Ideally, the register should identify for each asset the purchase cost and, if practicable, the replacement/ insured cost, the latter being updated annually and used to assist in forward planning for asset replacement. - Additions and disposals records should allow tracking from the prior year to the current. - Ensure that the asset value to be reported in the AGAR at section 2, line 9 equates to the prior year reported value, adjusted for the nominal value of any new acquisitions and / or disposals. - Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured or "self-insured" by the Authority. **Fixed asset investments:** - Ensure that all long-term investments (i.e., those for more than 12 month terms) are covered by the "Investment Strategy" and reported as Assets in the AGAR at section 2, line 9. **Borrowing and Lending:** - Ensure that the authority has sought and obtained appropriate UK Debt Management Office approval for all loans acquired. - Ensured that the authority has accounted for the loan appropriately (i.e., recorded the full value of the loan, any arrangement fee should be regarded as an admin expense) in the year of receipt.

	• Ensure that the combined principal loan repayment and interest for the year is correctly recorded in the AGAR at section 2 line 5. • Ensure that the outstanding loan liability as at 31st March each year is correctly recorded in the AGAR at section 2, line 10 (value should be verified from the lender and verification provided to the IA by the clerk/RFO). • Where the Authority has issued loans to local bodies, they should ideally seek signed indemnities from the recipient body, or their members, agreeing to underwrite the loan debt.
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cashbook, supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded.	• Whilst IAs are not required to verify the accuracy of detail to be disclosed in the AGAR, this assertion, together with the expectation of most Authorities, effectively requires IAs to ensure that the financial detail reported at section 2 of the AGAR reflects the detail in the accounting records maintained for the financial year. Consequently, IAs should: • Ensure that, where annual turnover exceeds £200,000, appropriate records are maintained throughout the year on an Income and Expenditure basis to facilitate budget reporting in that vein. • Ensure that appropriate accounting arrangements are in place to account for debtors and creditors during the year and at the financial year-end.
K. If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt.	• As should ensure that, all relevant criteria are met (receipts and payments each totalled less than £25,000)

	• the correct exemption certificate was prepared and minuted in accordance with the statutory submission deadline; • that it has been published, together with all required information on the Authority's website and noticeboard.
L. The authority publishes information on a free to access website / web page, up to date at the time of the internal audit in accordance with the relevant legislation	• As should review the Authority's website ensuring that all required documentation is published in accordance with the relevant legislation.
M. The authority, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.	• As should acquire / examine a copy of the required "Public Notice" ensuring that it clearly identifies the statutory 30 working day period when the Authority's records are available for public inspection.
N. The authority complied with the publication requirements for the prior year AGAR.	• As should ensure that the statutory disclosure / publication requirements in relation to the prior year's AGAR have been met as detailed on the front page of the current year's AGAR.
O. Trust funds (including charitable) - the Council met its responsibilities as a trustee	• Confirm that all charities of which the council is a Trustee are up to date with CC filing requirements. • that the council is the sole trustee on the Charity Commission register. • that the council is acting in accordance with the Trust deed. • that the Charity meetings and accounts are recorded separately from those of the council. • review the level and activity of the charity and where a risk based approach suggests such, review the Independent Examiners report.

INDEX OF ENTRIES