# TESTON PARISH COUNCIL
# INTERNAL AUDIT REPORT 2025-26

I am pleased to report to Members of the Parish Council that I have completed my internal audit of the Parish Council's records for 202-265 and have been able to complete the Annual Internal Audit Report for the 2025-26 Annual Return.

Members should be aware that the audit tests that I undertook during the audit cannot be relied on to identify the occasional omission or insignificant error, nor to disclose breaches of trust or statute, neglect or fraud which may have taken place and which it is the responsibility of the Members of the Council to guard against through the Parish Council's internal control procedures.

As a result of my audit and my discussions with your Clerk I was able to answer 'YES' to all the relevant questions contained in the Internal Audit Annual Report for 2024-25 apart from question G in respect of operation of PAYE which I have answered "No".

I would like to take this opportunity to thank your RFO for the assistance given to me in the conduct of the audit that took place remotely on 29/30 April and 25 May 2026.

**PREVIOUS AUDITS:**

**External auditor 2024-25:**

Mazars issued their certificate in respect of 2024-25 on 7 October 2025 without qualification but with a comment that an error in the previous year meant that the Council should have answered "No" to Assertion 4 on the Governance Statement.

The Council has yet to consider Mazars' report. This is a statutory obligation refer Reg 20(1) Accounts & Audit Regulations 2015. Failure to consider the report should trigger a "No" response to Assertion 7 on the Governance Statement.

**Internal auditor 2024-25:**

For 2024-25 I had expressed concern that councillors were involved in calculation of tax relating to the Clerk. Review of 2025-26 payroll data shows inconsistencies which I have set out in the appendix to this report. As these inconsistencies suggest inaccurate operation of PAYE and in particular employee NI I have answered "No" to question G on the Annual Internal Audit Report.

**FINDINGS THIS VISIT:**

During the audit I carried out sufficient work to enable me to complete the Annual Internal Audit Report. I concentrated on the trail from the annual accounting statement back to the receipts & payments A/c and bank statements while testing transactions to invoices or other supporting documentation. I have also reviewed the Council's minutes for compliance with legal obligations, its general functioning and for mutual consistency with the accounts.

I found the financial records to be accurate.

The Council found itself in a difficult situation with the departure of the Clerk in early 2026. The Chairman has taken on the role of Clerk and another councillor the role of Responsible Financial Officer. The Practitioner's Guide has at:

5.11. The proper segregation of duties means that the Chair of the authority or of the Finance Committee should never be appointed (even on a short-term basis) either as Clerk or as RFO...

I concur with the Guide in this respect.

I have nothing further to report.

**Lionel Robbins**
**Independent Internal Auditor**
**25 May 2026**

**Payroll issues 2025-26**

Tax calculated using code BR for December 2025 then code 1257L wk1m1 for the final payment in February 2026.

Tax £181.80 from the final payment is wrong for the final pay stated £1,393.20 and code 1257Lwk1m1. The correct amount would be £69.

Based on pay levels the clerk should not have paid any employee National insurance during the year apart from £27.60 from the final payment. The deduction of EeNI of £35.58 from December pay of £464 is inconsistent with the threshold of £1,048 before NI becomes payable.

The employee National Insurance in the final payment is inconsistent with the threshold, £72.74 EeNI implies gross pay for the month of £1,957.

Delay of the Clerk's January pay into February generated additional National Insurance (both employee and employer) than would be the case if January was paid on time.

# TESTON PARISH COUNCIL
# Supplementary report to accompany AIAR 2025-26

My answers to the questions A-N on the AIAR include "No"" and Not covered" responses and the explanations for these answers are set out in this report.

**G Payroll – No**

There are issues arising from review of payslips and the payments data from which I conclude that the Council was not operating PAYE and in particular National Insurance correctly and in accordance with law.

These issues are set out below:

Tax calculated using code BR for December 2025 then code 1257L wk1m1 for a final payment in February 2026.

Tax £181.80 from the final payment is wrong for final pay stated £1,393.20 and code 1257Lwk1m1. The correct amount would be £69.

Based on pay levels the clerk should not have paid any employee National insurance during the year apart from £27.60 from the final payment. The deduction of EeNI of £35.58 from December pay of £464 is inconsistent with the threshold of £1,048 before NI becomes payable.

The employee National Insurance in the final payment is inconsistent with the threshold, £72.74 EeNI implies gross pay for the month of £1,957.

Delay of the Clerk's January pay into February generated additional National Insurance (both employee and employer) than would be the case if January was paid on time. It is also a breach of the Council's duty to pay on or before the due date.

**Other information**

Overall, the amounts paid by the Council to HMRC are at least as much as was likely to have been properly due.

Further review will be needed in order to determine the correct position for the Clerk who left the Council in February 2026.

**Lionel Robbins**
**Independent Internal Auditor**
**25 May 2026**

# Annual Internal Audit Report 2025/26

TESTON PARISH COUNCIL

www.testonparishcouncil.gov.uk

**During** the financial year ended 31 March 2026, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2025/26 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

| Internal control objective | Yes | No* | Not covered** |
|---|---|---|---|
| **A.** Appropriate accounting records have been properly kept throughout the financial year. | ✓ | | |
| **B.** This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for. | ✓ | | |
| **C.** This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these. | ✓ | | |
| **D.** The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate. | ✓ | | |
| **E.** Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for. | ✓ | | |
| **F.** Cash payments were properly supported by receipts, all cash expenditure was approved and VAT appropriately accounted for. | | | NONE |
| **G.** Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied. | | ✓ | |
| **H.** Asset and investments registers were complete and accurate and properly maintained. | ✓ | | |
| **I.** Periodic bank account reconciliations were properly carried out during the year. | ✓ | | |
| **J.** Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded. | ✓ | | |
| **K.** If the authority certified itself as exempt from a limited assurance review in 2024/25, it met the exemption criteria and correctly declared itself exempt. *(If the authority had a limited assurance review of its 2024/25 AGAR tick "not covered")* | | | ✓ |
| **L.** The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation. | ✓ | | |
| **M.** In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations *(during the 2025/26 AGAR period, were public rights in relation to the 2024-25 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).* | ✓ | | |
| **N.** The authority has complied with the publication requirements for 2024/25 AGAR *(see AGAR Page 1 Guidance Notes).* | ✓ | | |
| **O.** The authority has complied with laws, regulations & proper practices relating to digital and data compliance. | ✓ | | |

| | Yes | No | Not applicable |
|---|---|---|---|
| **P. (For local councils only)** Trust funds (including charitable) – The council met its responsibilities as a trustee. | | | ✓ |

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

29/04/2026 30/04/2026 25/05/2026

Name of person who carried out the internal audit

LIONEL ROBBINS

Signature of person who carried out the internal audit

Date 25/06/2026

***If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).**

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report **must** explain why not (add separate sheets if needed).