

LAVERSTOCK & FORD PARISH COUNCIL

Report for Agenda Item PC26.044 Interim Internal Audit Report and Comments

Subject: Review of Interim Internal Audit Report, Observations and Comments

Date: 20th April 2026

Author: Andrew Prince, RFO

1. Report Summary.

- 1.1 The Internal Auditor has carried out an interim audit using online information and during a one-day visit on 4th March 2026. This Report presents his Observations and Recommendations from that visit and the Comments by the Clerk & RFO.

2. Background.

- 2.1 The Internal Auditor carried out a one-day visit on 4th March 2026 and carried out an interim audit of the Council's documentation and finances.
- 2.2 This resulted in 5 observations and recommendations. The items raised included the following subjects
- D. Budgetary process, progress against budget and reserves.
 - D. Monitoring use of CIL receipts.
 - D. Recording of Budget in Council's Accounting system.
 - E. Reviewing Fees and Charges.
 - E. Recovering VAT from third party contribution.

3. Observations, Recommendations and Comments.

- 3.1 The Observations and Recommendations of the Internal Auditor are attached at Annex A and include Comments by the Clerk and RFO. The comments will sent to the internal auditor.

4. Recommendation.

- 4.1 That the Council review the Observations and Recommendations of the internal auditor and note the Comments and corrective actions recorded by the Clerk and RFO.

Annex A

Laverstock and Ford Parish Council Financial Year 2025-26

Date considered by Council 20th April 2026



Visit 1 Internal Audit Observations

Audit date: 4 March 2026

Minute Reference PC26.044

D The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Reserves have been subject to review by Council as part of the budget setting process (S42A Local Government Finance Act 1992).	Yes	<p>It was noted that the Council does not record transfers to and from reserves within its monthly income and expenditure reports. A substantial element of the precept determination relates to drawdowns of \$106 funds and transfers to capital replacement reserves.</p> <p>It was noted that there was some variation in these drawdowns to fund higher value items of expenditure.</p>	The Council to review how it reports the budgeted and actual drawdown reserves. Ideally this should be included on monthly income and expenditure report provided to Council.	Medium	Movements between Reserves and the General Fund have been included in recent monthly reports to Council. A method of doing this more precisely will be investigated for the new Financial Year.
2	The Council has established Reserves (or some other suitable measure) to monitor the usage of CIL Receipts	Yes	The Council has established a Reserve for CIL which covers a number of years. It is not clear that the Council has formally reviewed the aging and expiry of these reserves and their intended use.	The Council, on a regular basis, to review the aging and intended use of its CIL reserves.	Medium	A revised spreadsheet has been introduced that relates current expenditure from CIL to the original date of receipt and the 5-year expiry. This is reported annually to Wiltshire Council and Councillors in June.
3	Does the budget recorded in the Councils accounting system agree to the budget set by Council?	No	It was noted that the budget recorded in the SCRIBE system does not include £4,500 insurance rent income.	Council to review the budget recorded in the Councils accounting system to ensure that it agrees to the budget approved.	Medium	This was an omission error. The income budget for insurance rent included two items but one was not paid when the charity refused to enter into a new lease. It has been corrected for 2025-26 and will be entered for 2026-27.

E *Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.*

No.	Audit Test	Response	Observation	Recommendation	Priority	Comments
1	Have fees and charges been subject to review during the financial year?	No	<i>The Council receives advertising fee which would normally be standard rated income for VAT purposes.. It is understood the fees for this has not been reviewed due to concerns over £6,0000 'de minimis' VAT limit.</i>	The Council to review these fees. It may be appropriate for the Council to consider whether it is now appropriate to register for VAT.	Medium	Registration for VAT is continually under review. The loss of income from not being vat registered is not signiscant. It will be reviewed again when major expenditure on the Hampton Park Pavilion is complete.
2	If making supplies that would normally be subject to VAT, and not VAT registered, does the VAT value not exceed £1,000 (i.e. gross income of £6,000) in accordance with VAT Notice 749?	Yes	<i>During the year the Council received income as a contribution toward repair of a church building. which is leased by the Council. It appears that this income may be VAT able income.</i>	The Council to seek VAT advice on the treatment of the contribution towards the cost of maintenance of the building.	Medium	The church building is leased to the council but operated and managed by an independent charity. The maintenance repairs were carried out as a grant to the charity and the vat was reclaimed as a non-business activity. However the contribution from a third party was also claimed incorrectly as it was not council funds. The claim for this part of the maintenance repair was reversed in the last VAT claim. VAT advice on this point is not required.