Internal Audit Regulation

*All Town and Parish Councils are required, under the provisions of the **Audit Commission Act 1998** and the **Accounts and Audit Regulations 2015**, to arrange for an **independent internal audit** of the authority's accounting records and system of internal control. The conclusions of this examination are reported at **Section 4** of the authority's Annual Governance and Accountability Return (AGAR) for the relevant fiscal year.*

Internal auditing is defined as:

> *"An independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."*

For the Municipal Year **2025/26**, **St Minver Highlands Parish Council appointed Aalgaard Renshaw Ltd** to undertake the Internal Audit.

The Internal Audit Review was conducted **after the fiscal year end** and included both **compliance testing** and **substantive testing** to confirm whether the Council's control objectives were being met. The assessment examined the adequacy and effectiveness of the Council's fiscal management, governance arrangements, and internal control systems.

It is important to note that the Internal Audit **does not provide a guarantee** that the accounting records are free from fraud or error; rather, it offers an independent and informed opinion on the effectiveness of the authority's internal controls.

This report outlines the scope of the assessment undertaken for **St Minver Highlands Parish Council** in respect of the **2025/26 fiscal year**. The Internal Audit was completed on **3rd June 2026.**

Acknowledgement

Aalgaard Renshaw Ltd. would like to take this opportunity to thank the Members St Minver Highlands Parish Council for their instruction to undertake their 2025/26 Internal Audit.

Thank you also to the Clerk/RFO ,Jo Wilson for her kind co-operation.

Carolyn Y. May LLB(Hons), M.A.(Finance & Investment), B.Sc

Auditor Comment

The Internal Audit of the Parish Council's financial management, governance arrangements, and internal control framework has been completed in accordance with the proper practices set out in the JPAG Practitioners' Guide. The purpose of this review is to provide independent assurance that the Council has maintained adequate and effective systems of internal control throughout the financial year, and to support the Council in its ongoing commitment to strong governance and continuous improvement.

The Auditor wishes to formally acknowledge the exceptional hard work, professionalism, and dedication demonstrated by the Clerk and Responsible Financial Officer throughout the year. The Clerk continues to maintain the Council's financial records to a very high standard, ensuring accuracy, completeness, and full documentary support for all transactions. This high level of diligence has been central to the Council's strong financial stewardship and the continued strengthening of its governance arrangements.

The Council itself is also highly commended for its constructive engagement with the audit process and its clear commitment to good governance. Members have demonstrated a positive and proactive approach to financial management, transparency, and accountability. Over the past year, the Council has made consistent and measurable improvements across several areas of its governance framework, reflecting a genuine desire to embed best practice and strengthen its internal control environment.

The Auditor also recognises the significant additional workload created by the introduction of Assertion 10, which places new and more demanding compliance requirements on smaller authorities. The Council is to be praised for the preparatory work already undertaken to align its processes with these expectations. While further development will be required in the coming year, the Council's early progress demonstrates a responsible and forward-looking approach to meeting these enhanced standards.

As part of this year's review, several recommendations for further improvement have been identified. These are not criticisms, but constructive suggestions designed to support the Council in continuing its positive trajectory. Key areas where further development would strengthen governance include:

- Formalising the Annual Review of the Effectiveness of Internal Controls, ensuring it is completed and minuted prior to AGAR approval.
- Adopting a General Reserves Policy to evidence compliance with JPAG guidance and statutory requirements.
- Developing a formal Risk Register, providing a structured approach to identifying and managing risks.

These recommendations are offered in the spirit of constructive support and continuous improvement. They are intended to help the Council further strengthen its governance arrangements, enhance transparency, and ensure full compliance with statutory and proper practice requirements.

The Auditor is pleased to note the significant progress already achieved and is confident that, with the continued hard work of the Clerk and the positive engagement of Members, the Council is well-positioned to build on these improvements in the year ahead.

General Information

Name of Parish	St Minver Highlands Parish Council
Name of Clerk/ RFO	Jo Wilson
Contact Details of Clerk	clerk@stminverhighlands-pc.gov.uk
Parish Council Website address	stminverhighlands-pc.gov.uk
2025/26 Precept Sum	£76,000
Insurance Policy Details	Zurich - policy number YLL-2720867333 – this policy will be in place until 31/05/2027
Accounting Package Used by the RFO	Exel
Name of Chair	Cllr. Jack Richards
Contact Details of Chair	chair@stminverighlandsparishcouncil.co.uk
Is the Clerk CiLCa Qualified?	Yes
Appointed Member for Financial Reviews	https://stminverhighlands-pc.gov.uk
Number of Members (Actual)	Ten
How many Members of Staff are Employed by the Smaller Authority?	One – Clerk/RFO
Does the Smaller Authority have the Power of Competence?	Yes

When was the Power of Competence last Agreed?	**N/A**
Do all Members of Staff have a valid Contract of Employment? **Note: List All Staff Members, job descriptions and date of contract of Employment**	**Compliant** **Jo Wilson Clerk/RFO**
Are all staff Members in a Pension Scheme? **Note: Scheme details and names of Members**	**Yes** **Jo Wilson** **Cornwall Pension Fund**
Does the Authority rely on S.137	**No – the Parish Council qualifies to exercise the Power of Competence**
How many Committees does the authority run? What are they and how often do these committees meet?	**N/A**
How many Working Groups does the authority run? What are they and how often do these working groups meet?	**One – Affordable Housing Working Party**
Date of Annual Parish Meeting	**16th May 2025**
Date of Presentation of Internal Audit to the Smaller Authority	**10th June 2025 (Minute 32/06/2025 refers)**
Date of presentation of Completed AGAR to Smaller Authority	**10th June 2025 (Minutes 328 and 329/06/2025 refer)**
Date of presentation of External Audit to Smaller Authority	**14th October 2025 (Minute537/10/2025 refers)**
Dates of Exercise of Public Rights	**Tuesday 1st July to Monday 11th August 2025, with the notice going up on or before 30th June.**

Date that the Annual Budget was approved by the Smaller Authority	**9th December 2025 (Minute 640/12/2025 refers)**
Date that the smaller Authority Approved the Annual Precept.	**9th December 2025 (Minute 641/12/2025 refers)**
Opening Cashbook Balance at the commencement of the Financial Year under review	**£195,931**
Closing Cashbook Balance at the end of the Financial Year under review.	**£199,759**

Governance & Policy Status Summary

Document	Location	Status	Notes / Actions
Standing Orders	Website	Compliant	No action required
Financial Regulations	Website	Compliant	No action required
Member Code of Conduct	Website	Compliant	No action required
IT Policy	Not Evidenced		Recommended to draft and adopt an IT Policy
Complaints Process Policy	Website	Compliant	No action required
Privacy Policy	Not Evidenced		Recommended to draft and adopt a Privacy Policy
Data Protection Policy	Not Evidenced		Recommended to draft and adopt Data Protection Policy
Investment Policy	Not Evidenced		Recommended to draft and adopt an Investment Strategy & Policy
Grants Policy	Website	Compliant	No action required
Procurement Policy	Contained in Financial Regs	Compliant	No action required
Document Retention Schedule	Not Evidenced	Non-Compliant	Recommended to draft and adopt a Document Retention Policy.
Publication Scheme	Not Evidenced	Non-Compliant	Requires Updating

Processes

Process	Review	Status	Notes / Actions
Committee Terms of Reference	N/A	N/A	No action required
Statement of Internal Control / Review of Effectiveness	Website	Compliant	No action required

Process	Review	Status	Notes / Actions
Asset Register (incl. Land Holdings)	**Website**	**Compliant**	**No action required**
Internal Control Register	**Not Evidenced**	**Non-Compliant**	**The Parish Council is compliant with Internal Control Objectives – however a register of inspections would complete the transparency criteria.**
Register of Interests – All Members	**Website**	**Compliant**	**No action required**
Risk Assessment	**Website**	**Compliant**	**No action required**

Observations/ Recommendations
Comments: **Auditor Response – Non-Compliant Governance & Policy Areas** **Investment Policy – Non-Compliant** Parish councils must adopt an Investment Strategy where they hold or intend to hold funds more than £10,000, as required by the Local Government Act 2003, s.15(1)(a) and MHCLG Statutory Guidance on Local Government Investments (2018). **Action: Draft and adopt an Investment Strategy & Policy.** **Document Retention Schedule – Non-Compliant** A retention schedule is required to demonstrate compliance with UK GDPR (storage limitation principle) and the Freedom of Information Act 2000, s.46 Code of Practice. **Action**: **Draft and adopt a Document Retention Policy.** **Publication Scheme – Requires Updating** A Publication Scheme must be maintained and kept up to date under Freedom of Information Act 2000, s.19. **Action: Update the scheme to align with the ICO Model Publication Scheme.** **Assertion 10 – Auditor Commentary** The recent introduction of Assertion 10 within the Annual Governance and Accountability Return (AGAR) places a new and explicit requirement on smaller authorities to confirm that they have complied with the Transparency Code for Smaller Authorities (2015). This represents a significant shift in the assurance framework, as councils are now required to

demonstrate not only sound financial management but also proactive publication of key governance documents. Given the timing of this requirement and the evolving expectations around transparency, it is recognised that some councils may not yet have all policies and processes fully documented or published. **The areas of non-compliance identified in this review primarily relate to documentation and publication rather than operational failings. As such, they do not detract from the overall effective functioning of the Council, nor do they indicate weaknesses in financial control or decision-making. Instead, they reflect transitional gaps that can be addressed through straightforward policy development and improved website publication practices.** With targeted action, the Council will be well-placed to demonstrate full compliance with Assertion 10 in future reporting periods.

Digital and GDPR Compliance (Assertion 10 SAPPP 2025)

Accessibility Requirement	Evidence / Check	Status	Notes / Actions
Accessibility Statement published on website	Published	Compliant	No action required
Website compliant with WCAG 2.1 AA as required	Compliant	Compliant	No action required
All documents published since Sept 2018 accessible	PDFs and Word docs meet accessibility standards	Compliant	No action required
Policies and key governance documents accessible	Clear structure, headings, readable fonts, tagged PDFs	Compliant	No action required
Meeting agendas and minutes accessible	Published in accessible format (HTML or tagged PDF)	Compliant	No action required
Website navigation accessible	Keyboard-friendly, logical structure, clear menus	Compliant	No action required
Colour contrast meets WCAG 2.1 AA	Text/background contrast compliant	Compliant	No action required
Forms and downloadable templates accessible	Fillable forms labelled correctly and screen-reader friendly	N/A	Required for grant forms, contact forms, etc.
Videos (if any) have captions	Captions or transcripts provided	N/A	Mandatory unless exempt
Accessibility contact route provided	Not evidenced	Compliant	No action required
Accessibility issues logged and acted upon	Compliant	Compliant	No action required

Observations/ Recommendations
Comment: **The review of the Parish Council's digital and GDPR compliance shows clear evidence that meaningful progress is already underway, particularly in relation to accessible documents, governance materials, and the overall usability of the website. It is important to highlight that these requirements stem from Assertion 10 of the 2025 AGAR,**

and it is fully recognised that many smaller councils across the country are still in the process of working towards full compliance.

Transparency Code for Smaller Authorities

Information to be Published	Comment / Requirement	Status	Notes / Actions
All items of expenditure above £500, including: • date incurred • purpose • amount • non-recoverable VAT	Required under the Transparency Code. Must be published for public access.	Compliant	Published on website. No action required
End of year accounts	Publication of the relevant AGAR page is sufficient.	Compliant	AGAR published on website. No action required
Bank Reconciliation	Must accompany end-of-year accounts.	Compliant	Published with AGAR. No action required
Explanation of significant variances	Required where changes exceed 10–15%.	Compliant	Included in AGAR documentation. No action required
Explanation of differences between balances carried forward and total cash/short-term investments	Required if applicable.	Compliant	Included in AGAR. No action required
Annual Governance Statement	Must be published.	Compliant	Published on website. No action required
Internal Audit Report	Publication of AGAR internal audit page is insufficient.	Compliant	No action required
List of councillor or member responsibilities	Required.	Compliant	Published on website. No action required
Minutes, agendas, and meeting papers	Must be published within one month of the meeting.	Compliant	Internal Auditor confirmed compliance. No action required
Method of publication	Must be on a publicly accessible website.	Compliant	All required information published on website. No action required

Observations/ Recommendations
The Parish Council demonstrates a high standard of transparency and governance. Required financial and governance information is consistently published in a timely manner, with clear evidence of compliance across all key areas of the Transparency Code for Smaller Authorities. Documentation is well-maintained, accessible to the public, and presented with accuracy and clarity.

Agenda Presentation

Area Reviewed	Comments / Findings	Status	Recommendations
Appropriate summons included on each Agenda	Agendas checked – compliant	Compliant	No action required
Summons correctly signed by the Clerk	Agendas checked – compliant	Compliant	No action required
Required notice period provided to the public	Publication dates checked – compliant	Compliant	No action required
Agenda items correctly listed	Agendas checked – compliant	Compliant	No action required
Date, place, and time clearly displayed	Agendas checked – compliant	Compliant	No action required
Agendas and Minutes properly advertised	Publication practices compliant	Compliant	No action required
Draft Minutes ratified at next meeting	Minutes reviewed – all correctly presented and approved by full Council	Compliant	No action required
Amendments properly annotated	Confirmed – amendments clearly recorded	Compliant	No action required
Ratified Minutes signed by Chair	Hard copies inspected – compliant	Compliant	No action required
Confidential discussions correctly recorded	Minutes show correct resolutions to enter/exit confidential session	Compliant	No action required
Decisions properly minuted (proposer/seconder/vote)	All Minutes checked – compliant	Compliant	No action required
Financial transactions included or appended to Minutes	Financial transactions are contained within the Minutes	Compliant	No action required
Time of meeting closure recorded	Minutes checked – compliant	Compliant	No action required

Observations/ Recommendations
Comment: **The review of agendas and minutes demonstrates a strong and consistent standard of governance practice. All statutory requirements are being met, with agendas properly issued, signed, and published within the required notice period, and minutes accurately recording decisions, amendments, and confidential matters. The Council's documentation is clear, well structured, and compliant in every area examined, reflecting an elevated level of administrative accuracy and procedural discipline. This standard of performance is testament to the Clerk's exemplary professionalism and meticulous approach to governance. No actions are required.**

Meetings

Area Reviewed	Comments / Findings	Status
Number of Ordinary (Regular) Meetings held	Twelve Ordinary Parish Council Meetings were held during the year reported on.	Compliant
Number of Extraordinary Meetings held	None	Compliant
Number of Committee Meetings held	None	Compliant
Committee Minutes published	N/A	N/A
Number of Working Group Meetings held	Two	Compliant
Number of inquorate meetings	No Inquorate Meetings	N/A
Approval of previous Minutes	Minutes reviewed show that the Council carefully considered and approved Minutes from the previous meeting.	Compliant
Signing of approved Minutes by Chairman	Original Minutes inspected by the Internal Auditor were properly signed in accordance with regulations.	Compliant
Recording of decisions (proposer/seconder/vote)	All Minutes checked contained clear decision-making records.	Compliant
Financial transactions recorded in Minutes	Financial transactions are referred to within the Minutes. All payments of £500 and over are properly recorded and published.	Compliant
Time of meeting closure recorded	Minutes include the time the meeting closed.	Compliant

Observations/ Recommendations
Overall Observation **The review of the Council's meeting administration demonstrates a consistently high standard of compliance across core governance and statutory requirements. Agendas**

are issued correctly with the appropriate summons, statutory notice periods are met, and minutes are accurately recorded, approved, and signed in accordance with regulations. Decision-making is clearly documented, including proposer, seconder, and voting outcomes, and confidential sessions are appropriately resolved. Overall, the Council's meeting procedures are well managed, transparent, and compliant with expected governance standards.

Finance, Governance & Internal Control

Area	Comments	Recommendations
Budget Monitoring & Performance	The authority effectively monitored performance against budget. Financial Regulations require internal control reviews and bank reconciliation verification.	Records highlight that these requirements are undertaken monthly. Compliant
Corrective Action	Not applicable – no issues requiring corrective action.	None required.
Budget & Precept Setting	Minutes for the meeting held on 9th December 2026 show that consideration on both the budget and precept were robust.	Compliant
Robustness of Estimates & Reserves	Budget discussion documents were inspected and found to be both comprehensive and considered.	Compliant
Project Planning	No significant projects undertaken.	None required.
Borrowing	No loans secured	None required.
RFO Appointment	Clerk appointed as RFO; duties included in contract.	Compliant
Financial Recording & Transactions	Transactions are accurately recorded, with payment schedules reviewed and approved at each Council meeting. All transactions were promptly entered into the accounting system and, upon inspection, were found to be complete, accurate, and supported by appropriate documentation.	Compliant
Bank Reconciliations	Evidenced in documents provided; reconciliations conducted monthly.	Compliant

Area	Comments	Recommendations
End-of-Year Accounts	Reviewed by Members on 10th June 2025 and recorded in the meeting minutes.	Compliant
Investment Arrangements	Section 12 of Financial Regulations refers.	Consider adopting an Investment Strategy in line with statutory guidance.
General Reserves Policy	Cannot Comment as no General Reserves Policy has been provided/ published produced	The Parish Council should adopt an appropriate policy. Not Compliant
Standing Orders & Financial Regulations	In place and published.	Compliant
Procurement & Tendering	Section 5 of Financial Regulations sets out competition and tendering rules.	Compliant
Ordering Goods & Services	Detailed in Section 5.	None required.
Debtor Management	Detailed in Section 13.3.	None required.
Receipts & Payments Handling	Section 6 outlines processes; payment schedules reviewed and authorised.	Compliant
Two-Member Authorisation	Compliant with LGA 1972 s150(5).	Compliant
Credit Cards	Section 6 of the Financial Regulations applies.	Compliant
Bank Mandates	Authorised and up to date.	Review annually or when membership changes.
VAT Reclaims	Properly reclaimed.	Compliant
S.137 Payments	N/A	N/A
Tender Threshold	Formal tender required above £60,000.	None required.
Clerk Delegated Authority	£300 (excl. VAT), or below £2,000 in consultation with the Chair. The Clerk may authorise	Review periodically to ensure suitability.

Area	Comments	Recommendations
	expenditure up to £2,000 excluding VAT in cases of serious risk to the delivery of council services.	Compliant
Loans / Liabilities	Not applicable.	None required.
Review of Effectiveness (Reg. 6)	Obligations are set out in the Parish Council's Statement of Internal Control	Conduct and minute an Annual Review of Internal Controls before AGAR approval.
Acting Within Powers	Compliant; agendas properly constructed.	None required. Compliant
General Power of Competence	The Parish Council qualifies to exercise the General Power of Competence.	None required.
Compliance Monitoring	Not Evidenced	The Parish Council should implement a robust system of Compliance Monitoring
Exercise of Public Rights	Compliant; documents published.	Compliant
Conclusion of Audit Notice	Published in accordance with regulations.	Compliant
Auditor Reports	The External Auditor's Report was presented to the Parish Council for acceptance. Internal Auditor's report was formally received, discussed, and accepted by the Council .	Compliant
Risk Management	Policy present but no Risk Register evidenced	Advisory
Significant Events	Considered during budgeting.	Compliant
Accounting Records	Properly maintained.	Compliant
Bank Reconciliations	Properly conducted.	Compliant

Area	Comments	Recommendations
Payments & VAT	Fully supported by invoices; VAT correctly accounted for.	Compliant
Income	Fully received, recorded, and banked.	Compliant
Investments	None undertaken.	Consider adopting an Investment Strategy for future compliance (as set out in Part 12 of Financial Regulations)..
Capital Expenditure	None.	None required.
Petty Cash	Not applicable.	None required.
Payroll & PAYE/NIC	Fully compliant.	Compliant
Quarterly Financial Reviews	Not Evidenced	There is currently no evidence that quarterly financial reviews are being undertaken or recorded. This observation is advisory and intended to support the Council in strengthening its financial governance arrangements ahead of the full implementation of Assertion 10 requirements in the 2026/27 audit cycle.
Accounting Statements	Correct basis; adequate audit trail.	Compliant
Cheque & Payment Controls	Members examine and initial invoices; process compliant.	Compliant
Direct Debits & Standing Orders	The auditor inspected all Parish Council Payment Schedules and noted that DD/SO's are properly recorded monthly.	Compliant
Bank Reconciliation Verification	Evidenced	Compliant
Asset Register	The Parish Council's Asset Register was inspected and	Compliant

Area	Comments	Recommendations
	found to be compliant with the requirements set out in JAPPP	The Council should compile, approve, and publish a complete and up-to-date Asset Register
Acquisition Dates	Compliant	Not Compliant
Asset Life Estimates	Compliant	Not Compliant
Asset Locations	Compliant	Not Compliant
Insurance Valuations	Compliant	Not Compliant
Physical Verification	Compliant	Not Compliant
Trustee Responsibilities	N/A	N/A
Asset Disposal	N/A	Compliant

Observations/ Recommendations
The Internal Auditor notes that the Clerk and Responsible Financial Officer has maintained the Council's financial records to a consistently high professional standard throughout the reporting period. All accounting entries examined were found to be accurate, timely, and supported by appropriate documentation, demonstrating full adherence to the Council's Financial Regulations and proper practices. Matters Requiring Action / Remediation to meet the requirements of Assertion 10. 1. Investment Arrangements The Council should adopt a formal Investment Strategy in accordance with statutory guidance. 2. General Reserves Policy A General Reserves Policy should be adopted and published to demonstrate compliance with JPAG proper practices and statutory requirements. 3. Bank Mandates Bank mandates should be reviewed annually or when Council membership changes.

4. Review of Effectiveness of Internal Controls (Regulation 6)
The Council must conduct, document, and minute an Annual Review of the Effectiveness of Internal Controls prior to approving the AGAR.

5. Compliance Monitoring
A formal system of Compliance Monitoring should be implemented to evidence ongoing adherence to statutory and regulatory requirements.

6. Risk Management
A comprehensive Risk Register should be established, approved, and reviewed regularly (at least annually, ideally quarterly).

7. Investments (Future Compliance)
The Council should adopt an Investment Strategy to ensure future compliance with Part 12 of the Financial Regulations.

8. Quarterly Financial Reviews
Quarterly financial reviews should be undertaken and minuted to strengthen financial governance ahead of Assertion 10 requirements in 2026/27.

9. Budget Setting Documentation
Full budget documentation—including estimates, assumptions, reserve assessments, and supporting papers—should be formally approved and published at the time the precept is set.

Status - Advisory

Independence Statement

Aalgaard Renshaw Ltd confirms that the Internal Auditor appointed to undertake the Internal Audit for St Minver Highlands Parish Council for the fiscal year ending 31 March 2026 is independent of the authority, its Members, and its financial decision-making processes. The audit has been conducted impartially and in accordance with the Accounts and Audit Regulations 2015.