

2025/26 INTERNAL AUDIT REPORT

ANNUAL GOVERNANCE AND ACCOUNTABILITY RETURN 2025/26

JUNE 2026

1.0 Purpose of the Report

1.1 The purpose of this report is to update council members on the work completed by the Internal Auditor.

1.2 The Internal Auditor undertook an audit of the council's policies and procedures in September 2025, January, March and April 2026. I liaised with the council's Clerk, Deputy Clerk/Finance Officer and administrative staff during the completion of this audit.

1.3 I would like to thank Horden Parish Council staff for their assistance, professionalism and friendliness shown to me during this audit.

2.0 Background to the report

2.1 The Internal Auditor provides an independent appraisal function which all Smaller Authorities (which covers parish and town councils) must provide to meet the requirements of The Accounts and Audit Regulations 2015.

2.2 An authority is a "Smaller Authority" if the higher of the authorities gross income for the year and its gross expenditure for the year does not exceed £6.5m. The Accounts and Audit Regulations 2015 also refers to these authorities as a Category 2 authority. Horden Parish Council falls into this category.

2.3 The government has backed the National Association of Local Councils long standing calls by laying a statutory instrument before parliament to raise the audit threshold for smaller authorities from £6.5 million to £15 million. The Ministry of Housing, Communities, and Local Government aimed for the new rules to be in place by the end of September 2025. If approved, the amendment to the Local Audit and Accountability Act 2014 will take effect from the 2025/26 financial year. This has not yet happened.

2.4 The 2015 regulations quoted above require councils to "undertake an effective internal audit to evaluate the effectiveness of its risk management, control and

governance processes taking into account public sector internal auditing standards or guidance.

2.5 The Public Sector internal audit standards have not been applied to “smaller authorities”

2.6 The council’s guidance on internal audit is contained in the The Practitioners' Guide issued by the Smaller Authorities Proper Practices Panel (SAPPP) to support the preparation of statutory annual accounting and governance statements by smaller authorities in England, which are found in the Annual Governance and Accountability Return. Section 4 of this guide covers the Best Practice Guidance for Internal Audit.

3 The Annual Governance and Accountability Return (AGAR)

3.1 SAAA, which appoints external auditors and oversees quality assurance across the sector, is developing a new AGAR portal, with the live trial scheduled for May and June 2026, covering AGAR submissions for the 2025/26 financial year. Parish and town councils of various sizes, including parish meetings, larger town councils, have already been contacted to participate, with a requirement for at least 20 authorities for each of the four audit firms involved.

3.2 The new portal will allow parish and town councils to complete and submit all parts of the AGAR online. Key features will include auto selection of the correct form based on income and expenditure, calculation of variances, and highlighting potential irregularities. Once a return has been submitted, the system will, in future years, be able to pre-populate previous year figures. Councils eligible for a Certificate of Exemption will also be able to confirm this through the system.

3.3 Horden Parish Council is not part of this trial but will be affected by it if the new AGAR portal is introduced after this trial.

3.4 The AGAR return has three sections for completion.

- Section 1 - The Annual Governance Statement which covers nine assertions made by the council. The council’s response to each assertion must be examined and approved by the full council. The recommendations made must be minuted accordingly. This section must be signed by the Chair and Clerk.
- Section 2 - The Accounting Statement provides details of a comparison of two years income and expenditure, cash reserves, balances and asset values. This must be signed by the council’s Responsible Finance Officer before being presented to the council. This section must once again, be approved by full council (not a council committee) and minuted accordingly. Once approved by council the chair can countersign the statement.
- Section 3 is signed and provided by the External Auditor on completion of their audit. This must be done by 30 September each year. This will be signed by

the council's external auditors (Mazars)

3.5 In addition to the three sections above, the AGAR return contains an Internal Auditors report (page 3 of the document).

3.6 A new section has been inserted into the 2025/2026 Internal Audit Report of the 2025/26 AGAR. This new section, Section O, deals with the authorities compliance with laws, regulations & proper practices relating to digital and data compliance.

3.7 An important element of the Internal Audit is the investigation of the key indicators and completion of the internal audit response to each indicator shown on page 3 of the councils AGAR.

3.8 All Smaller Authorities must provide an internal auditors report by 30 June of each financial year and this (page 3) should be advertised on a freely available public facing website.

3.9 The Internal Auditor must therefore investigate, assess and certify whether the council has met (or not) the key indicators shown below.

A Appropriate accounting records have been kept properly throughout the financial year. The Practitioners' Guide issued by the Smaller Authorities Proper Practices Panel (SAPPP) recommends the following to be assessed as part of this assertion.

- Ensure the correct roll forward of the prior year cash book balances to the new financial year.

The council has four accounts which are as follows-

- The Current Account** £43,747.15 was reflected as the cash book closing balance at 31 March 2025 and opening balance in the cash book at 1 April 2025
- Public Sector account** closing and opening balance of £285.44 reflected as above. There have been no transactions on this account since the last audit.
- CCLA account** closing and opening balance of £1,086,317.03 reflected as above.
- Business Saver account** closing and opening balance of £1,595.92 reflected as above.

The audit has revealed that the correct cash book balances have been rolled forward from one year to the next for the four accounts held by the council.

- Check a sample of financial transactions in cash book to bank statements, etc: the sample size dependent on the size of the authority and nature of accounting records maintained.

On 5 January 2026, testing was carried out for the period April 2025 to November 2025. Both income and expenditure transactions were checked. All cash book items sampled were checked to the bank statements for accuracy.

No transactions to examine on the Public Sector Account.

A sample check was carried out from the cash book to the councils current account bank statement.

Transactions for the CCLA Public Sector Deposit funds were examined as part of this process. The balance in the cash book agreed with the information received from the CCLA dated 5 February 2025. Subsequent payments in and withdrawals have been made from this account throughout the year. These are agreed by the council before the transaction occurs.

Cash book transactions on the business savers account were examined too.

Transactions for the council's charity were also sampled as part of this exercise. A separate report is produced for the Charity.

I am of the opinion that Horden Parish Council has met this criteria and can therefore certify the Internal Audit Report (page 3) accordingly.

B This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for. The Practitioners' Guide issued by the Smaller Authorities Proper Practices Panel (SAPPP) recommends the following to be assessed as part of this assertion.

- **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.**

The council made the following resolutions at its annual meeting of 15 May 2025.

- *HPC 25/26/009 resolved that Standing Orders were proposed and seconded to remain on the table for consideration at the next meeting to consider to revoke existing Standing Orders and add new version in accordance with Standing Order 26.*

NALC has recently produced a new template Standing Orders which the council has amended to meet its needs. Consequently the council's revised Standing Orders were reconsidered and approved at the Full Council meeting held on 5 June 2025. The minute of this meeting reads as follows.

HPC/25/26/042 RESOLVED that the Council REVOKE the existing Standing Orders and permanently ADD the new version in accordance with Standing Order 26.

- *HPC 25/26/010 Resolved council agreed to defer review of Financial Regulations until NALC model available and has been reviewed by officers.*

The council's Financial Regulations agreed in May 2025 contain details of how and when quotes or tenders are required. Details of which are shown below in sections 5.6 to 5.11.

5.6 For contracts estimated to exceed £60,000 including VAT, the Clerk advertise an open invitation for tenders in compliance with any relevant provisions of the Legislation. Tenders shall be invited in accordance with Appendix 1.

*5.7 For contracts estimated to be over £30,000 including VAT, the council must comply with any requirements of the Legislation¹ regarding the publication of invitations and notices. **This is a legal requirement.***

5.8 For contracts greater than £5,000 excluding VAT the Clerk /RFO or Service Area Manager shall seek at least 3 fixed-price quotes;

¹ The Regulations require councils to use the Contracts Finder website if they advertise contract opportunities and also to publicise the award of contracts over £30,000 including VAT, regardless of whether they were advertised.

5.9 where the value is between £1,000 and £5,000 excluding VAT, the Clerk/RFO or Service Area Manager shall try to obtain 3 estimates which might include evidence of online prices, or recent prices from regular suppliers.

5.10 For smaller purchases, the clerk or officer placing the order shall seek to achieve value for money.

5.11 Contracts must not be split to avoid compliance with these rules.

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 in Regulation 11.1.

The council is not be obliged to accept the lowest or any tender, quote or estimate.

The council continues to use its tried and trusted suppliers for various purchases, obtaining one price and not obtaining the required estimates under Financial Regulations. This is mostly in relation to estimate and quotation requirement purchases, for example fun fare rides, traffic management.

Standing Orders and Financial Regulations can of course be waived in certain circumstances, for example when the supply of goods and services is of a specialist nature.

The council purchased a Toro 3100- Ride on Mower demo (£34,500), a Ransomes Mastiff 91 Pedestrian cylinder mower (£5,400) and Weilbang legacy 56 pro mower (£1,458). These purchases were approved by council on 6 March 2025. Invoices were received and paid in April 2025 and an accrual made to enable the transactions to be recorded in the 2024/25 tax year.

All three items of equipment were subsequently gifted to the Horden Recreation Ground.

The larger item above (Toro Toro 3100-demo (£34,500)) was a demonstrator and a specialist purchase. To achieve a value for money purchase two other comparable quotes were received and reported to Committee. The council agreed to purchase the demonstrator as this also had additional equipment and attachments which made the purchase even more viable and value for money.

Three fixed priced quotes were obtained for the other two purchases costing £5,400 and £1,458. These were reported to Committee.

The above complies with council Financial Regulations.

As of 7 January 2026 there have been no further capital purchases made by

the council for 2025/26. A check of the financial system did not reveal any larger council purchases of over £30,000 so no appraisal could be made of Financial Regulation adherence.

There was one large capital scheme undertaken by the council's charity but this is not a council purchase. As this was for over £60,000 a Planning Consultant was engaged who undertook the formal tendering process on behalf of the charity.

- **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)**

The council's Financial Regulation 5.6 requires that formal tenders be obtained for any items costing over £60,000 - see narrative below.

"For contracts estimated to exceed £60,000 including VAT, the Clerk advertises an open invitation for tenders in compliance with any relevant provisions of the Legislation. Tenders shall be invited in accordance with Appendix 1."

The council's Standing Orders (18 (c) (v) makes reference to purchases below £30,000 and states the following.

*"whether contracts with an estimated value below **£30,000** including VAT due to special circumstances are exempt from a tendering process or procurement exercise."*

For other purchases Standing Order 18 (e) states

Where the value of a contract is likely to exceed the threshold specified by the Government from time to time, the Council must consider whether the contract is subject to the requirements of the current procurement legislation and, if so, the Council must comply with procurement rules. NALC's procurement guidance contains further details.

Observation.

To avoid any ambiguity the council's Standing Orders could, although not required, be amended to show the financial purchase limits shown in its Financial Regulations. This will ensure that consistent values are in place for the acquisition of all purchases between Standing Orders and Financial Regulations.

- **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.**

Manually created Purchase Orders can be placed by the Parks Manager and Supervisor with both Recreation and Parish Purchase Order books available for use.

There is also a Purchase Order book held in the administrative offices which is used by the clerk, the deputy clerk, the administrative and finance officer and the centre manager. Once order books are fully used they are returned to the administrative offices for retention.

When invoices are received administrative staff verify that the goods have been received with whoever has placed the order. If the amount shown on the invoice is in excess of that shown on the Purchase Order, administrative staff return the invoice to whoever placed the order to get their confirmation, signature and verification of the revised payment amount.

Not all invoice payments require a purchase order for example, Cooperative Bank transaction fees and monthly utility bill payments (telephone, gas, electricity IT charges etc) are mostly taken by direct debit and therefore a purchase order is not raised.

On 7 January 2026, a sample of varying invoices was tested for the period 1 April 2025 to October 2025. Purchase orders, where required, and where appropriate goods received notes are obtained, are attached to the invoice. These are matched to and stored with the invoices for validity and ultimately, payment through the financial system.

Coding slips attached to invoice payments identify the independent officers involved in the authentication and payment process. Wherever possible, separate officers should be responsible for the purchase order creation, the receipt of goods and the coding of the expenditure to the accounts and payment of the invoice.

The Deputy Clerk has been given delegated authority from the Responsible Finance Officer (the Clerk) and certifies invoices as being ready for payment.

All invoices are reported to monthly council meetings for payment or information in respect of payments taken by Direct Debit.

Two councillors, who are bank authorised signatories are chosen at the meeting to certify the invoices for payment. This decision is reflected in the minutes of the meeting approving the invoices for payment. The two councillors selected normally attend the council offices on the following day to certify the invoices for payment. The signatures of the two councillors sighted were bank signatories and their name appeared on the list of bank signatories.

- **Check that there is effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments.**

The above sample check revealed that all invoices were approved for

payment and that, in the main, separation of duties exists during the purchase order/invoice payment process. One or two invoices had the purchase order raised by the Deputy Clerk who also signed the release of the payment. This is because the initial officer wanting to raise the purchase order does not have the clearance of the council to do so.

The Finance Assistant checks the purchase order (where raised) to the invoice for financial accuracy and completes the necessary coding on the green coding/payment slips. The RFO (the clerk) has delegated the approval of invoices for payment to the Deputy Clerk. Coding/payment slips mentioned above provide this evidence.

As mentioned above, all payments are approved by full council before any payment is released by BACS/cheque. Direct Debit and Standing Order payments are reported to the council for information. Final payment authorisation is provided by two councillors signatures on the coding grid - see previous bullet point too.

- **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**

VAT is appropriately accounted for by council staff. VAT information is produced by the financial software system and recoveries are made on a quarterly basis from the HMRC.

The council has both input and output VAT accounted for. VAT on council raised invoices is dealt with appropriately.

To the 7 January 2026 evidence was provided to show the VAT returns had been submitted to HMRC for the first two quarters of the year i.e. to the end of September 2025.

One quarter resulted in a payment being made to the HMRC whilst the other was income to be received by the council. Both the payment and income amounts were slightly different to those shown on the VAT returns. One because of bank charges - the other (end of September) requires investigation.

- **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.**

Financial Regulation 9.1 indicates

Any Debit Card issued for use will be specifically restricted to the Clerk and the Deputy Clerk and will also be restricted to a single transaction maximum value of £500 unless authorised by council before any order is placed, except

in an urgent case where the Clerk should consult the Chair or Vice Chair of the Council giving a reason for urgency.

Similarly Financial Regulation 9.2 indicates

A pre-paid debit card may be issued to employees with varying limits. These limits will be set by the council. Transactions and purchases made will be reported to the council and authority for topping-up shall be at the discretion of the council.

Financial Regulation 9.3 indicates that

Any corporate credit card or trade card account opened by the council will be specifically restricted to use by the Clerk, RFO, Outdoor Team Supervisor, Cemetery Team Leader and any balance shall be paid in full each month.

Financial Regulation 9.4 states that

Personal credit or debit cards of members or staff shall not be used except in exceptional circumstances for expenses of up to £250 including VAT, incurred in accordance with council policy.

A selection of Debit Card transactions were checked through to the bank statement. Individual purchases are paid on a daily basis (shortly after being incurred) by direct debit. The above individual transaction limit of £500 has not been breached during 2025/26 (to 7 January).

All cards are securely stored by the Clerk and Deputy Clerk/Finance Officer.

I am of the opinion that Horden Parish Council has met this criteria and can therefore certify the Internal Audit Report (page 3) accordingly.

C This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these. The Practitioners' Guide issued by the Smaller Authorities Proper Practices Panel (SAPPP) recommends the following to be assessed as part of this assertion.

- **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.**

SAPPP Practitioners Guide defines risk as follows.

“Risk is an uncertain event or condition that, if it occurs, will have an effect on the achievement of an authority’s objectives. Risk management is the process whereby authorities methodically address the risks associated with what they do and the services which they provide. The focus of risk management is to identify what can go wrong and take proportionate steps to avoid this or successfully manage the consequences. Good risk management allows stakeholders to have increased confidence in the authority’s corporate governance arrangements and its ability to deliver its priorities.

Risk management is not just about financial management; it is about protecting the achievement of objectives set by the authority to deliver high quality public services. The failure to manage risks effectively can be expensive in terms of litigation and reputation, and can impact on the ability to achieve desired outcomes. The authority generally and members individually are responsible for risk management.

Risk management is an ongoing activity that comprises four elements: identifying risks; assessing risks; addressing risks; and reviewing and reporting.

Identifying risks

In order to manage risk, an authority needs to know what risks it faces. Identifying risks is therefore the first step in the risk management process.

It is not possible to present a suggested list of the specific risks which authorities face as the range, nature, complexity and scale of the business of authorities vary. Similarly, the priorities and service delivery objectives of one authority will differ from those of others. For this reason each authority should identify, for itself, the key risks to achieving successfully its priorities and service objectives. However, there are some typical categories of risks that might help in the process of risk identification: financial – loss of money; security – fraud, theft, embezzlement; property – damage to property; legal – breaking the law or being sued; IT – failure of IT systems or misuse; and reputational – actions taken could harm the authority’s public reputation.

Assessing risks

Once the authority has identified its key risks, the next step is to assess the potential consequences of a risk occurring (impact) and consider how likely this is (likelihood).

The assessment of potential impact and likelihood need not be any more complex than assigning a simple numerical score, say 1 – 3, and multiplying the two scores to arrive at a risk assessment for each risk of high, medium or low. The risk assessment enables the authority to decide which risks it should pay most attention to when considering what measures to take to manage them”.

Authorities could use a simple risk assessment matrix as follows:

Likelihood	Highly likely (3)	<i>Medium (3)</i>	High (9)	Severe (9)
	Possible (2)	<i>Low (2)</i>	Medium (4)	Severe (6)
	Unlikely (1)	<i>Low (1)</i>	Low (2)	Medium (3)
		Negligible (1)	Moderate (2)	Severe (3)
		Impact		

Horden Parish Council Financial Regulation 17 (Insurance) states

17.1 The RFO shall keep a record of all insurances effected by the council and the property and risks covered, reviewing these annually before the renewal date in conjunction with the council’s review of risk management.

17.2 The Clerk and other service area managers shall give prompt notification to the RFO of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.

17.3 The RFO shall be notified of any loss, liability, damage or event likely to lead to a claim, and shall report these to the council at the next available meeting. The RFO shall negotiate all claims on the council’s insurers in consultation with the Clerk.

17.4 All appropriate members and employees of the council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the council, or duly delegated committee.

The council approved its Risk Management and Strategy Policy on 3 April 2025.

The council continues to insure its risks through Zurich and has entered into an agreement running until June 2027. This was approved at the Annual Meeting held on the 15 May 2025.

The council has an appropriate risk register in place to identify and assess the adequacy of its risk related activities. The risk registers cover both Financial and Strategic risks and uses a matrix similar to that recommended above by SAPPP. This is considered on an annual basis.

The Risk Register identifies different classes of risk for example reputational, strategic, health and safety, financial and environmental risks. It also identifies who has responsibility for the risk and what could possibly trigger the risk.

The report gives each risk a rating depending on the likelihood of the risk occurring and the impact the risk will have if it happens. These range from insignificant to critical in Horden Parish Councils matrix.

- **Ensure that appropriate levels of insurance cover are in place for land, buildings, public, employers' and hirers' (where applicable) liability, fidelity guarantee., employees (including councillors) liability, business interruption and cyber security cover.**

The council met on 6 June 2024 and discussed the renewal of their insurance arrangements. Council approved to give the clerk delegated authority to place the insurance renewal with Zurich on a further three year basis. This will run until June 2027.

The Insurance schedule was further examined and discussed by members at the Annual Meeting held on 15 May 2025. This schedule was valid from 17/06/2025 to 16/06/2026. Details of the monetary values of insurance cover provided for assets held by the council are referenced on the schedule.

It would appear that adequate insurance arrangements are in place to deal with any eventualities.

- **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.**

Play area equipment is inspected on a weekly basis by qualified parish council staff. Written reports are maintained to be provided as evidence for insurance purposes. They are kept for 20 years.

An annual ROSPA check of all playground equipment is also made by qualified inspectors. The report produced identifies any risks and categorises them as low, medium or high. The information is transferred into a spreadsheet and appropriate action is taken to remedy any problems. This involves the identification of how the problem can be resolved, the severity of the problem and who is responsible for ensuring the appropriate action is taken.

Open spaces and sports pitches are inspected on a weekly basis by trained staff, again, written reports are provided as evidence for insurance purposes.

A professional Tree Survey was commissioned by the council during 2023/24. Remedial work from the above tree survey was undertaken in January 2025.

- **Review the effectiveness of internal control carried out by the authority.**

The council undertakes an annual review of the effectiveness of internal control in accordance with Regulation 6 of the Accounts and Audit Regulations 2015.

The latest Effective Internal Control report for 2025/26 was considered by council in agenda item 14 of the meeting held on the 5 March 2026.

In addition to this, at the same meeting, the council considered, in agenda item 15, both its Strategic and Financial Risk Management Review. This was also reviewed on 3 April 2025.

Both documents seemed appropriate for the council and were approved by council members.

I am of the opinion that Horden Parish Council has met this criteria and can therefore certify the Internal Audit Report (page 3) accordingly.

D The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate. The Practitioners' Guide issued by the Smaller Authorities Proper Practices Panel (SAPPP) recommends the following to be assessed as part of this assertion.

- **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.**

Durham County Council has informed the council (and every other parish council in County Durham) that it will remove the Localisation of Council Tax Support Grant (LCTSG) provided in previous years. Compared to 2025/26 this will result in a loss of around £87,544 for Horden Parish Council.

The County Council is asking council tax payers who previously received 100% council tax relief to make payment of 10% of their council tax bills from 1st April 2026 onwards. As a result of this the councils "council tax base" has increased slightly for 2026/27.

At the 6 November 2025 Council Meeting the council agreed to have an informal 2026/27 budget meeting on 20th November 2025. Minute HPC 25/26/158

In Agenda item 16 of the 4 December 2025 council meeting, the council considered a draft 2026/27 Annual Budget.

On 15 January 2026 Horden Parish Council considered the setting of the 2026/27 Fees in item 14 (a) and the 2026/27 Draft Budget in item 14 (b).

The minutes of the above meeting were as follows:-

HPC25/26/192 the council

a) 2026/27 Fees RESOLVED: Council APPROVE the report and AGREE to the fees with revision to CISWO fee to a 33% discount which equates to a £44.00 charge and a 50% discount to Patchwork Quilters which equates to a £22.00 charge

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b) 2026/27 Budget. RESOLVED: Council APPROVE: 1. The net budget requirement for 2026/27 is £776,927 made up of an estimated gross expenditure of £926,332 and income of £149,405 excluding precept and reserves contribution.

2. That the General Reserve Policy be amended to show a reduction from 4 months to 3 months of net expenditure which equates to a £43,197 reduction.

3. That a reserves contribution of £43,197 be allocated to reduce the impact of the increased budget.

4. That a precept of £733,730 be raised for 2026/27 which represents a 4.03% increase in precept from 2025/26.

5. Acknowledge that due to the reduction in tax base the increase in Band D is £15.96 per year and to Band A is £10.64 per year which represents a 4.03% increase in tax bands.

As a result of the above deliberations the council submitted a 2026/27 Precept request of £733,730 to Durham County Council. This was approved by Durham County Council at their Budget and Council Tax Setting meeting held on 18 February 2026.

The first instalment of the precept request was received in April 2026 with the second instalment due for payment on October 2026

- **Ensure that current year budget reports are prepared and submitted to Authority/Committees periodically during the year with appropriate commentary on any significant variances.**

2025/26 Budgetary Control documents continue to be prepared by the Deputy Clerk, Financial officer and Clerk are now reported to full council on a quarterly basis. This is as a result of the council meeting of 6 February 2025 when the council decided to receive quarterly Budgetary Control Reports as opposed to the monthly reports previously produced.

Having said that, monthly budgetary control information continue to be produced for examination by service managers who have a responsibility to control their budgets throughout the year.

This report provides explanations of actual/budget variances for members information and comment if required. This information ensures that appropriate action can be taken to address any under/overspends as the year progresses.

By way of example the quarterly Budgetary Control Report to 30 September 2025 was reported to council on 6 November 2025. Details of the budget over and underspends to 30 September were explained in writing to members.

A predicted outturn report is also produced as part of the budget monitoring process.

- **Review the budget performance either during the year or at the financial year-end seeking explanations for any significant or unanticipated variances.**

As reported above, budget performance is now monitored quarterly through reports submitted to council. A variance report is produced as part of the end

of year AGAR process and reported to the council and ultimately Mazars the councils external auditors.

The quarterly produced budgetary control reports also include budget over/underspends and provide reasons for the 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.**

The trial balance at 31 March 2025 and estimated reserves at 31 March 2026 (see Budget report 14 January 2026) revealed reserves of:-

	Balance at 31/03/25	Estimated at 31/03/26	Notes
General reserves	£237,429	£237,429	£17,915 increase required to keep 4 month balance
South Terrace Boundary Wall	£205,650	£0	Fully utilised
Funded projects	£16,601	£16,601	No change
Play equipment	£378,126	£478,126	
Cemetery Capital	£1,000	£0	Fully utilised
Property repairs	£113,632	£113,632	No change
Training and Development	£3,920	£3,920	No change
Equipment replacement	£51,006	£51,006	No change
Improvement Resources for Social Welfare Centre	£45,633	£45,633	No change
Election reserves	£15,399	£7,587	£7,812 used to fund May elections
Youth Projects	£5,000	£3,000	£2,000 used
Major schemes	£10,000	£0	Fully utilised
Budget Balance	£31,800	£0	Used to balance 2025/26 budget
Total reserves	£1,115,196	£956,934	

Reserves are monitored throughout the year and provision is made in the councils

budgets to increase reserves where considered necessary. Reserves can and are used to supplement the budget to reduce percentage increases on precept requests.

It was noted that a reserve contribution of £43,197 was allocated to reduce the impact of the increased budget.

- **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.**

The 2025/26 precept request agreed by Horden Parish Council in January 2025 was £678,166 (£645,883 for 2024/25). The same precept figure is reflected in Durham County Councils Budget and Council Tax setting report dated 19 February 2025.

The 2025/26 precept was received in two separate payments of £339,083 in April and October.

In addition to the precept request the council received and accounted for £87,544 in respect of the Localisation of Council Tax Support Grant from Durham County Council. £43,772 paid in both April and October.

I am of the opinion that Horden Parish Council has met this criteria and can therefore certify the Internal Audit Report (page 3) accordingly.

E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for. The Practitioners' Guide issued by the Smaller Authorities Proper Practices Panel (SAPPP) recommends the following to be assessed as part of this assertion.

- **Review "Aged debtor" listings to ensure appropriate follow up action is in place**

Income from council activities is controlled by the Deputy Clerk/Finance Officer and administrative staff. Debtors are controlled within a 30 day payment request. This action is initially started by email contact. Any aged debtors are subject to follow up action on a 30/60/90 day system. The final 90 day action could result in debt collection action.

The council has a Late Payments and Bad Debts Policy in place which was reaffirmed at the council meeting held on 11 July 2024. This was subject to further approval at the Annual Meeting held on 3 April 2025 and is subject to five yearly reviews.

There were no outstanding debts to investigate at the date of the audit (12 January 2026).

- **Allotments: ensure that appropriate signed tenancy agreements exist, that an appropriate register of tenants is maintained identifying, that debtors are monitored.**

The council has two allotment sites. Part of the Station Road allotment site continues to be leased on an annual charge levied by a company called JJ Dell. The land for the second site on Third Street is owned by Horden Parish Council.

The Station Road allotment site continues to be run by an Allotment Association which is responsible for all of the administrative arrangements for the site including the issue of tenancy agreements and recharging allotment holders the appropriate association rental charges etc.

This fee for the Station Road allotments is reviewed annually by the council as part of its fees and charges deliberations and is payable from 1 April each year. A 2024/25 charge of £2,403 was agreed by council on 11 January 2024. This annual fee has been received by the council.

The fee was subsequently reviewed on 16 January 2025 and will be £2,523.15 for 2025/26. The revised rate for 2026/27 will be £2,620 - a further increase of 3.8%

*The Third Street Allotment site is **licenced** to a community group for a peppercorn rent of £36.75 per annum. This was reviewed on 15 January 2026 and the revised payment will be £38 for 2026/27.*

- **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)

Burial fees and charges are reviewed and approved by council on an annual basis. The 2026/27 cemetery fees were approved by council in agenda item no 14 (a) of the 15 January 2026 meeting and became effective on 1 April 2026. Minute number HPC 29/26/192 refers to this approval.

It was noted that the 2026/27 Cemetery fees agreed had increased by varying percentage increases.

The council has introduced a Rules and Regulations Management and Cemetery Guidance policy which was last reviewed in 2022.

Burial fee information continues to be provided to council on a monthly basis giving members details of the charges levied (Interment, Ashes, Purchase of plots, headstones etc) details of the plot number, whether the purchaser is a resident or not and the amount charged.

Purchase orders are not raised for burial fees.

A digitised burial register has been introduced recently and is in the process of being populated with historical/existing records. All grants have been digitised but the interment records are not fully complete. A manual system of recording continues to be produced as a back up if digital records fail. The digital records held will also enable any lost hard copy records to be recreated.

Whenever a grant of burial is issued the appropriate paperwork is prepared using the digitised system. The grant is only issued once independent checks have been made which involve the clerk and other council staff. The Clerk's signature is required before any paperwork is issued or any invoices raised.

Usually the undertaker is aware of the costs involved with the purchase of an exclusive right of burial and the interment fees following purchase of the exclusive right of burial. These fees are paid to the council and need to be received by council before any burial is allowed.

Similarly for other charges such as headstones etc the Stonemason is aware of the charges involved. The stonemason will include the costs of, for example, a headstone within their overall charge to the client and will then transfer the council's fee to the council.

Fees are received in a number of ways e.g. BACS, cheque or cash and are accounted for accordingly on receipt. Using the Burial Fee Information provided to full council the fees charged for the periods 28 April to 23 May and 22 September to 26 October 2025 were checked to the 2025/26 approved cemetery fees. All items are found to be correctly charged for residents and non residents. The items audited were a mixture of Interment fees (both

resident and non resident), purchase of plots (both resident and non resident) and supply of immovable memorials.

Details of the payments for the above periods were also checked to the cash book and bank statements for evidence of receipt of the monies due. The items audited were paid by a mixture of all three methods above i.e. bank transfers, cheque and cash payments - all of which were reflected on bank statements.

Advance purchases of an exclusive right of burial are available but only to residents of the parish.

- **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.**

Within the Social Welfare Centre the council has a number of rooms available for hire.

The first floor of the Social Welfare Centre is used exclusively by Durham County Council under a licensing arrangement. A recently increased licence fee has been agreed with DCC for these rooms - see below.

Durham Deafened Support has a licence for two rooms on the ground floor and use of a training room where required.

There are two other rooms available for hire, namely the Mary Clark and Elizabeth Wood Rooms. The council determines the charges to be levied for the hire of these rooms using an hourly rate (Corporate or Community) charge or similarly a day rate charge (Corporate or Community). Other incidental costs are also recharged for projector and screen costs, tea/coffee

The Centre Manager controls diary and room bookings. A room booking system is in operation and personal and community/ corporate hire requests are examined to see if room hire is available on the dates required. Once a booking is made it is entered into the manual booking system to guarantee the hire of the room.

A monthly assessment is made of the rooms booked to see who has booked the room and who is entitled to free use of the premises (e.g. Girl guides) or whether a charge is to be levied.

Room booking charges are determined by council once a year for the forthcoming year. This was done at the meeting held on 16 January 2025 and revised 2026/27 charges became effective from 1 April 2026.

If a charge is to be levied an invoice is raised as appropriate. A sample of invoices were checked for different organisations hiring the rooms e.g. CISWO, Durham Deafened Support (Annual charge but paid monthly), Durham County Council (monthly charge), Hooked on Crafts (monthly charge). Where an invoice is raised details of the invoice number are recorded

on the diary listing.

All invoices examined reflected the appropriate charges approved by the council and had been paid appropriately. VAT has been accounted for due to some of the bookings being business related (for example Durham County Council and Durham Deafened Support) and therefore subject to VAT. This was reflected on the invoices examined.

As mentioned above some community groups (including the council) are able to access use of these rooms free of charge. To reflect this in the accounts, an internal transfer of fees is journaled into the accounts. This way the council can see which organisations are receiving free use of the rooms and the associated charges.

- **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.**

The council has licences (not leases) in place. These are reviewed in a timely manner.

The licence with the County Council for the first floor of the Social Welfare Centre has been reviewed recently. This licence is payable on a monthly basis with electronic payments received from the County Council. Monthly payments have been sighted in the bank statements.

The license is now indexed linked to CPI increases for the next few years which will see the licence fee rise by the CPI increase for January each year. This increase will become effective from 1 April each year.

Durham Deafened Support (DDS) also hire rooms through a licence which is paid on a monthly basis. Monthly payments have been evidenced in the bank statements. DDS also has use of other rooms such as the Elizabeth Wood room as part of the licence. This is subject to prior booking.

- **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.**

Income from the use of football pitches is controlled by the issue of invoices. Annual charges have been levied to four football clubs from within the Horden Parish Council area (1 club) and from outside the parish area (3 clubs). There is now a women football team within the parish.

Differential rates are determined for clubs within or outside the area and whether they are an adult or junior club.

Invoices have been raised on football clubs using the Sunderland Road facilities. These were charged at the appropriate rate for the age of the participants - either adult or junior clubs.

Lettings agreements were sighted for all four clubs.

A separate key deposit charge is collected which is returned to the clubs at the end of the season.

One off use of pitches require payment before the football pitches can be used. Invoices are raised as appropriate. A sample of these were checked during the audit.

No VAT is involved for the use of football pitches.

The Whippet Club is also charged for the use of the Sunderland Road facilities and a separate invoice is raised for this. This was checked for accuracy.

The council owns a bungalow on Sunderland Road which is rented under a Tenancy Agreement to one of the council's employees. Income is paid to the council by BACS and is received on the first of each month.

- **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.**

The council's half yearly precept and grant payments are due from Durham County Council in April and October each year. A register is not maintained but the amount is immediately recognisable in the bank statements. The precept is usually transferred to the CCLA account to generate interest. This ensures that cash flow is maintained for treasury management purposes.

I am of the opinion that Horden Parish Council has met this criteria and can therefore certify the Internal Audit Report (page 3) accordingly.

F Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for. The Practitioners' Guide issued by the Smaller Authorities Proper Practices Panel (SAPPP) recommends the following to be assessed as part of this assertion.

- **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.**

Horden Parish Council operates a Debit Card. There is one account created for this system. Two cards are held using the same account. One card is securely retained by the clerk and the other by the deputy clerk. This provides some certainty of use if one or the other card holder is not available.

A debit card policy and procedure is in place to provide control over this type of purchase. The council recently reconsidered and approved its Debit Card Procedure policy at a meeting held on the 6 March 2025.

The council's Financial regulations indicate that any debit card issued for use will be specifically restricted to the Clerk and RFO and will also be restricted to a single transaction maximum of £500 unless authorised by the council or finance committee in writing before any order is placed. Direct Debit transactions made between 1 April and 31 December 2025 have not exceeded this limit.

Expenditure is incurred as required and numbered and logged sequentially in the Debit Card Transaction file.

Appropriate documentation is held for each of the debit card transactions and was examined for the period 1 April 2025 to 31 December 2025.

The Debit card transaction appears monthly on the bank statement. Payment of the debit card balance is immediate and is paid shortly after the transaction occurs. A sample of direct debit transactions has been carried out between the bank statement and the debit card transaction file.

Once identified the amounts are reported to full council for information (as they have already been paid) and approval by council. Once approved by council the payments are recorded in the accounts on a net basis with where appropriate, any relevant VAT accounted for the invoices. This enables the VAT to be recovered from HMRC.

Invoices inspected as part of this process were followed through to the accounting system to ensure the ledger is up to date.

With regard to petty cash, SAPPP Practitioners Guide recommends the following to be assessed as part of this assertion.

- **Review the systems in place for controlling any petty cash and also cash**

floats (used for bar, catering, etc)

The council has one Petty Cash account in operation. This has a monthly operational amount to adhere to e.g. £100. In practice this is not adhered to due to the infrequent use of the Petty Cash account.

Expenditure is incurred as required and periodically, once the balance drops, a further arbitrary amount is added to the petty cash account.

The cash balance and outstanding vouchers were audited and approved as being correct on 8 January 2026.

The petty cash tin is held securely in the office safe with the office administrator holding the safe keys. To provide independence, further security and separation of duties, the petty cash tin key is retained securely by the Deputy Clerk who controls the security of this key only making it available on request.

All petty cash expenditure is reported to council for approval and following approval the requisite financial transaction is made in the accounting system.

There are no cash floats for bar and catering purposes.

- **Check a sample of transactions during the financial year to ensure appropriate supporting documentation is held.**

Petty cash transactions were inspected during an internal audit on 08 January 2026. The inspection revealed that all petty cash payments were supported by appropriate documentation.

- **Review the existence of evidenced periodic independent verification of the petty cash and any other cash floats held.**

Administrative staff periodically (not monthly) verify the petty cash and cash floats. As reported above, details of the petty cash balance are reported to the council for information and approval. This forms part of the cash and investment reconciliation submitted to council on a monthly basis although this is changing to a quarterly basis following a decision of the February 2025 council meeting.

There is a further £10 float held by the council this is accounted for via the councils trial balance. This is primarily used for the sale of dog bags at reception. See below for physical check details.

- **Ensure that VAT is identified wherever incurred and appropriate**

Examination of a sample of documents revealed that petty cash purchases had VAT appropriately accounted for.

- **Physically check the petty cash and other cash floats held.**

See above, a physical inspection of the petty cash balance book and transactions was carried out on 8 January 2026. Everything was balanced and appropriate records have been kept for the year. The Petty Cash system is used infrequently with only twelve transactions to date for the year. The Debit Card is now used more frequently.

A float of £10 is held for staff to deal with any purchases made at reception. Income collected at reception is mainly from the sale of dog bags and is recorded on a list of sales. The float was checked on 8 January 2026 and was found to be correct £10.00 plus £1.70 of income received since the last reconciliation.

- **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.**

Horden Parish Council does not operate any bar or catering facilities.

I am of the opinion that Horden Parish Council has met this criteria and can therefore certify the Internal Audit Report (page 3) accordingly.

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. The Practitioners' Guide issued by the Smaller Authorities Proper Practices Panel (SAPPP) recommends the following to be assessed as part of this assertion.

- **Ensure that, for all staff, a formal employment contract is in place together with a confirmatory letter setting out any changes to the contract.**

There were fourteen staff paid on the week 32 payroll. A check of personal files for these current members of staff identified that all contained details of a signed formal contract of employment.

- **Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability**

Members allowances of £571.93 per annum are paid once a year. The amount paid concurs with the information shown in the councils Members Allowance Scheme issued in February 2018 and was paid on 3 July 2025 to 10 councillors.

Members are automatically paid unless they notify the council that they do not wish to take up their allowance.

There are fifteen members on Horden Parish Council. One member was co-opted at the time of payment and, in accordance with legislation, was not eligible for the allowance. Four other members notified the council that they did not wish to take their allowance therefore payment was made to ten councillors.

Payroll checks reveal that tax was correctly deducted from payments using the codes shown on the payroll. Councillors received their net allowance on 3 July 2025.

It is pleasing to note that the 2024/25 members allowance details have been added to the website. Details of the councillors allowances paid for 2025/26 need to be added to the council's website.

The chairman's allowance is paid as incurred. No physical money is provided to the chair.

- **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**

The council currently pays its staff on a weekly basis however I understand that consideration is still being given to the creation of a monthly based payroll system for all staff. This will of course need a consultation with and the agreement of staff and unions to proceed. The payroll contract is due for renewal next year (2026/27) so this could be the ideal opportunity to switch to

monthly payments.

This was reported in last year's audit and I would again encourage the switch to monthly payroll payments as it would lead to finance staff being able to dedicate more of their time to other financial issues and due to the contractual changes in April 2026 may lead to a lesser cost being incurred by the council. This, I understand, is because the new contract may involve a payment for the production of individual payslips. Obviously there are considerably less payslips involved in a monthly payroll than a weekly payroll.

This is just an observation and not a recommendation. A final decision of the council is required along with discussions with staff and unions.

Weekly paid staff complete a timesheet each week which is countersigned by their respective manager for accuracy, the Deputy Clerk/Clerk authorises payment and details are the input for payment by the payroll administrator.

Full time weekly paid park and cemetery staff work more hours during the summer season and less during the winter season but are paid 37 hours per week throughout the year.

The Council's Personnel Committee approved the 2025/26 NJC salary increases on 22 August. This included the calculation of arrears due from 1 April 2025 which was paid in week 22 (4 September 2025) along with the new rate of pay.

The audit of week 32 payroll reveals that all employees sampled were receiving the correct rate of salary in accordance with the new 2025/26 NJC rates. They were also paid in accordance with the number of hours they were contracted to work.

- **Ensure that appropriate tax codes are being applied to each employee**

Appropriate tax codes, issued by HMRC were being applied to the sample of employees taken. P45 information is taken into account on new employee payroll records and P45 information is issued to employees leaving the council. P60 information is produced at the year end for all employees and real time information is provided to HMRC.

- **Where free or paid for software is used, ensure that it is up to date.**

The council uses a system called IRIS for its payroll provision. Software is updated by the supplier to ensure correct PAYE and NI contributions are being paid. HMRC has approved the IRIS software system.

I understand the contract for the payroll provision is due for renewal in April 2026 see comments made above.

- **For the test sample of employees, ensure that tax is calculated appropriately**

PAYE deductions were correctly calculated using the HMRC generated PAYE tax codes entered into the salary system. Sample checks revealed the correct amount of tax was being deducted from employees.

- **Check the correct treatment of Pension contributions**

Employee pension contributions vary according to staff salary levels and appear to be correct. Employee pension contributions for those staff sampled are in a range between 5.5% and 6.8% depending on their respective salaries. Staff employee pension contributions were checked to relevant rates on the week 32 payroll

Employee pension contributions are tax deducted from gross pay so the correct PAYE deductions can be made.

The Employer current contributions are 19.5% of gross pay for all staff and this appears to have been calculated correctly.

All employee and employer contributions appeared to be correct.

- **For NI, ensure that the correct deduction and employer's contributions are applied.**

A sample was taken from the week 32 payroll (13/11/25) which revealed that Employees NI is calculated correctly by taking gross salary less the primary threshold of £242 per week and multiplying the result by 8%. This concurs with the HMRC requirements.

The sample checked also revealed that Employers NI is calculated correctly by taking gross salary less the secondary threshold of £96 per week and multiplying the result by 15%. This concurs with the HMRC requirements.

- **Ensure that the correct employers' pension percentage contribution is being applied**

The actuarial valuation employers rate of 19.5% notified by Durham County Council is applied for the employers pension contribution.

All staff in the pension scheme were checked for week 32 payroll. A 19.5% of gross pay employers contribution had been correctly calculated.

There is a change in employers pension contributions to 15.3% which will take effect from April 2026. Good news for parish councils with staff who are members of the Durham County Council Pension Scheme,

- **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.**

The net pay for seven employees was calculated. Records were examined for

the week 32 payroll and all were correct.

Appropriate payments are made to respective agencies including HMRC, Durham County Council. These are made monthly using BACS. For example the November payments were sampled and the rest of the payroll deductions were included in deductions made for weeks 31-35 which were paid to HMRC etc on the 17 December 2025.

Union deductions are a matter for individual employees and are not deducted at source from salaries.

I am of the opinion that Horden Parish Council has met this criteria and can therefore certify the Internal Audit Report (page 3) accordingly.

H Asset and investments registers were complete and accurate and properly maintained. This section/assurance should be extended to include loans to or by the Authority. The Practitioners' Guide issued by the Smaller Authorities Proper Practices Panel (SAPPP) recommends the following to be assessed as part of this assertion.

Tangible Fixed Assets

- **Ensure that the Authority is maintaining a formal asset register and updating it routinely to record new assets at historical cost price net of VAT and removing any disposed of / no longer serviceable assets.**

The council maintains an asset register which is shown online for 2024/25. The information contained in this entry is dated 11 December 2025. In September 2024 a report was taken to Council which dealt with the disposal of some vehicles and items of equipment. This was agreed by council. The asset register should be amended continuously to reflect the change in assets.

The council also approved an Asset Management Policy at its meeting held on 6 March 2025.

- **Physically verifying the existence and condition of high value, high risk assets may be appropriate.**

The council's major assets consist mainly of the Chapel of Rest at Thorpe Road Cemetery (£190,000), the cemetery lodge (£145,000), the memorial Park Works Building (£140,000), the War Memorial/Clock and the cemetery toilet block (each valued at £18,000, Allotments (£2,450) and various assets valued at £1 each (£7 in total). This makes up assets of £513,457 which are included in the £830,193 shown on the 2024/25 AGAR return.

The above are identifiable as being land and buildings assets and, as such, are self-evident.

Other, but not all, assets shown in the £830,193 on the AGAR return include vehicles (£88,825), play equipment, (£49,236), street furniture (£31,127) furniture (£23,852) and fixtures and fittings (£19,745) and IT equipment (£10,113).

The 2025/26 Asset Register should be shown online as soon as possible at at the conclusion of the final accounts. Most of the entries are fixed and details will not deviate from year to year unless any capital acquisitions or disposals are made.

- **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.**

The Asset register does show the asset original purchase cost and also includes an estimated insurance value for the assets reflected in the list.

For example the Horden Social Welfare Centre was gifted to the council and therefore has a nominal purchase price of £1 whilst the insurance value shown is £2,720,667.44.

- **Additions and disposal records should allow tracking from the prior year to the current.**

In March 2025 the council considered the gifting of some of its assets to the Horden Welfare Ground charity to the value of £41,358. Minute number HPC 25/26/077

The council owns a number of assets that have fallen into disrepair or become obsolete over a long period of time that have not been disposed in a timely fashion and are taking up space on the asset register. It is suggested that the asset register be examined in detail and an assessment made of all assets shown on the register.

- **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.**

The prior year asset figure (2023/24) AGAR Section 2 line 9 figure is shown as £786,504. The summary of 2024/25 assets by group name information held on Rialtus is now £830,193.

- **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.**

Not all asset register entries are readily identifiable in the Insurance Schedule at the replacement cost reflected in the asset register. This will be because of the insurance company including inflationary increases to asset values which are not reflected in the council's asset register.

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.**

The council has no Long term investments.

Borrowing and Lending

- **Ensure that the authority has sought and obtained appropriate DMO approval for all loans acquired.**

The council has one loan approval in operation. This is a loan of £500,000 over a 28 year period taken out in December 2016 for the extension to the

cemetery. Appropriate approval was granted from the DMO for this loan to proceed with the Public Works Loan Board.

Full details of the approval are shown online.

- **Ensure 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.**

It is assumed that the value of the loan was correctly accounted for in 2016. The current outstanding value is correct at 31 March 2025 with £395,015.19 still outstanding. The PWLB produces an annual outstanding balance reconciliation at the end of each year. As at 6 April 2025 this was the same figure as that reflected in the council's accounts.

The arrangement fee of £175 is not included in the outstanding balance.

- **Ensure that the combined principal loan repayment and interest for the year is correctly recorded in the AGAR at section 2 line 5.**

Appropriate principal and interest payment figures of £26,072.22 for 2024/25 and £26,072.22 for 2025/26 are shown on the 2025/26 AGAR. Principal of £7,387.39 and interest of £5,648.72 (£13,036.11) was paid on 03 June 2025 and principal £7,493.03 and interest of £5,543.08 (£13,036.11) was paid on 02 December 2025. This is in line with the expected loan repayment schedule provided by the PWLB.

A total payment of £26,072 is therefore shown 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 via the DMO website)**

Appropriate figures of the outstanding loan amounts are reflected in Section 2 line 10 of the 2025/26 AGAR (£380,135).

This represents the 2024/25 AGAR figure of £395,015 less the 2025/26 principal repayments of £14,880.42 (£7,387.39 paid June 2025) and £7,493.03 (paid December 2025).

- **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.**

Horden Parish Council has not issued any loans to local bodies

I am of the opinion that Horden Parish Council has met this criteria and can therefore certify the Internal Audit Report (page 3) accordingly.

I Periodic bank account reconciliations were properly carried out during the year. The Practitioners' Guide issued by the Smaller Authorities Proper Practices Panel (SAPPP) recommends the following to be assessed as part of this assertion.

- **Ensure that bank reconciliations are prepared routinely, are subject to independent scrutiny and sign-off by members.**

Details of monthly bank reconciliations continue to be prepared by the Deputy Clerk and reported by the Clerk at council meetings. After every approval of the bank reconciliation two councillors are nominated to "sign off" the bank reconciliation. Evidence of bank reconciliation preparation and approval at meetings was sighted.

With monthly bank reconciliations carried out this ensures that cash book transactions have been appropriately recorded and maintained and reconciled to the councils bank statements.

I have noted the move to quarterly bank reconciliations being provided on a quarterly basis and, as long as the council receives this quarterly information, I have no objection to this.

- **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.**

On the 24 April 2026 the 2025/26 bank reconciliation figure year end AGAR section 2 line 8 (£1,141,361.33) was checked and agreed to the year end combined cash and bank balances.

The balance shown on the 2025/26 year end bank reconciliation comprises of the current account (£51,518.01), 90 Day deposit account (£285.44), the CCLA account (£1,087,916.82) the Business Savers Account (£1,618.46) and other cash balances of £22.60 (Petty cash £12.60 and dog bag float account £10).

- **Where the authority has bank balances in excess of £100,000 it has an appropriate investment strategy.**

The council continues to hold most of its investment monies in a CCLA account which, on 31 March 2026, held a balance of £1,087,916.82.

When received, precept monies are subsequently invested into the CCLA account in accordance with Regulation 5 (Authorisation of payments) and Regulation 6 (Instructions for payments) of the Financial Regulations.

Interest on balances is maximised by doing this but staff need to be vigilant to ensure the cash flow of the current account is maintained at an appropriate level.

Investment transfers are done on an ad hoc required basis mainly when the precept amounts are received. Transfers from CCLA to the current account are done as required to ensure adequate current account balances

Instant access is available on the CCLA account and withdrawals are made periodically as and when required to bring monies back into the current account.

For example, on 9 April, following receipt of the precept, the council invested £330,000 with CCLA. £350,000 was also invested with the CCLA on 8 October following receipt of the second precept instalment.

Conversely, for example, at the parish council meeting held on 4 September the clerk requested that £80,000 be transferred from the CCLA account to the current account of which £40,000 would be transferred to the Horden Recreation Ground account to meet their expenditure on a capital scheme. This was approved by council,

The £80,000 receipt was received on 12 September 2025 and £40,000 was transferred to the Social Welfare accounts on 15 September 2025.

The investment of council monies has produced some healthy interest generation since interest rates started to increase. As interest rates decrease, this needs to be reflected in the budget.

The current ad hoc investment strategy appears to be working. However section 12.3 of the Councils Financial Regulations state.

“The council shall consider the requirement for an Investment Strategy and Policy in accordance with Statutory Guidance on Local Government Investments, which must be written to be in accordance with relevant regulations, proper practices and guidance. Any Strategy and Policy shall be reviewed by the council at least annually.”

No specific policy has been introduced to date but should be considered.

I am of the opinion that Horden Parish Council has met this criteria and can therefore certify the Internal Audit Report (page 3) accordingly.

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. The Practitioners' Guide issued by the Smaller Authorities Proper Practices Panel (SAPPP) recommends the following to be assessed as part of this assertion.

Whilst IA's 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**

In accordance with the SAPPP Practitioners Guide the council prepares its accounting statements on an income and expenditure basis including accruals at year end to reflect actual costs incurred for the year in question.

- **Ensure that appropriate accounting arrangements are in place to account for debtors and creditors during the year and at the financial year-end**

Appropriate accruals are made by the Finance Manager and clerk at the year end.

I am of the opinion that Horden Parish Council has met this criteria and can therefore certify the Internal Audit Report (page 3) accordingly.

K If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly determined itself exempt. The Practitioners' Guide issued by the Smaller Authorities Proper Practices Panel (SAPPP) recommends the following to be assessed as part of this assertion.

IA's 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

This exemption is only available to smaller councils that have an annual gross income or expenditure of less than £25,000 per annum. Therefore, Section K does not apply to Horden Parish Council as it is not able to certify itself as exempt from a limited audit review. I have therefore ticked "not covered" for this section.

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. The Practitioners' Guide issued by the Smaller Authorities Proper Practices Panel (SAPPP) recommends the following to be assessed as part of this assertion.

IAs should review the Authority's website ensuring that all required documentation is published in accordance with the relevant legislation.

Local councils with a gross annual income or expenditure exceeding £200,000 are subject to the Local Government Transparency Code 2015. Section 2 of this document requires the following information to be published on a council website.

Details of Horden Parish Councils [Transparency data can be found here.](#)

On a quarterly basis

- **Details of any expenditure exceeding £500.**

At the time of inspection (January 2026) details of expenditure over £500 are shown online for three quarterly periods up to the end of December 2025. The final quarter should be added for the 31 March 2026 in due course.

- **Government Procurement Card transactions.**

This is not applicable to Horden Parish Council.

- **Procurement information exceeding £5,000.**

There is evidence of the 2024/25 expenditure exceeding £5,000 shown online. Whilst procurement exceeding £5,000 has been very limited a version of this needs to be provided for 2025/26 (e.g. van purchase and insurance policy)

On an annual basis

- **Local Authority land -**

Details of land and property owned by Horden Parish Council are reflected in its 2024/25 assets listing shown online. An updated version needs to be published online for 2025/26.

- **Social Housing assets -**

This is not applicable to Horden Parish Council.

- **Grants to voluntary, community and social enterprise organisations -**

The council has produced a Donations Policy and request form which is available for inspection online. A sum of money is made available for distribution each year.

Details of grants made to organisations are reported to council through their monthly agendas and the decision is recorded in the council's minutes. A separate document (see above) is also produced for public inspection. This information is made available as part of the council's Transparency information.

At the time of the audit (March 2026) the grant and donation information is valid up until 2024/25. The 2025/26 information needs to be produced as soon as possible after the year end.

- Organisation chart

The latest staff establishment chart shown online is up to date for 2025.

- Trade union facility time - This is not applicable to Horden Parish Council.
- Parking accounts - This is not applicable to Horden Parish Council.
- Parking spaces -

There are no controlled parking spaces. However, free parking spaces are solely for users of the following facilities.

*Horden Social Welfare Centre 40 marked spaces are provided
Sunderland Road Playing Field has 10 unmasked spaces and
Thorpe Road Cemetery has around 20 unmarked spaces.*

- Senior salaries

The council does not have any employees receiving over £58,200 per year.

- Constitution -

The councils Standing Orders (June 2025) and Financial Regulations (May 2025) are shown online.

- Pay multiples - nothing to report on this topic
- Fraud- nothing to report on this topic.

Details to be published only once

- Waste Contracts - *This is not applicable to Horden Parish Council.*

The Code then goes on to say that it recommends more information

should be published than is shown above, for example:-

- Expenditure data exceeding £250 and not £500 as reflected above
- Procurement over £500 and not £5,000 as reflected above - see above
- Local authority land - see above
- Parking spaces - see above
- Organisation chart employees exceeding £50,000, salaries band for each employee. - see above
- Grants - see above
- Fraud - see above

I am of the opinion that Horden Parish Council has met this criteria and can therefore certify the Internal Audit Report (page 3) accordingly.

M. The authority, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Regulations. The Practitioners' Guide issued by the Smaller Authorities Proper Practices Panel (SAPPP) recommends the following to be assessed as part of this assertion.

IAs 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.

Following full council approval on 5 June 2025, the Notice of the Exercise of Public Rights for the 2024/25 accounts was to be dated 6 June 2025 and published online on 11 June 2024. Approval was also granted at this meeting for inspection dates (11 June 2025 to 22 July 2025)

At a further meeting of the council held on 19 June 2025 the council approved the following

- *Revised Annual Accounting Statement and associated revisions report – to consider report.*
- *Revised Annual Accounting Statement – to consider for approval.*
- *Revised Notification of dates for electors' rights and approved the timetable to commence on Tuesday 24th June until Monday 4th August 2025 with the appropriate notices being placed on 23rd June 2025.*

The revised dates set include the first two weeks of July and cover the thirty day working period required under the Local Audit and Accountability Act 2014 and the Accounts and Audit (England) Regulations 2015 (SI 234).

IAs may also check whether councils have minuted the relevant dates at the same time as approving the AGAR

The dates set by the council are recorded in minute HPC 24/25/54 in the council's meeting held on 6 June and in HPC 25/26/059 for the meeting held on 19 June 2025.

Horden Parish Council has complied with the publication requirements for the 2024/25 AGAR and I am therefore of the opinion that this assertion has been complied with and have certified it accordingly.

N The Authority has complied with the publication requirements for the prior year AGAR (see AGAR Page 1 Guidance Notes). The Practitioners' Guide issued by the Smaller Authorities Proper Practices Panel (SAPPP) recommends the following to be assessed as part of this assertion.

IAs 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.

Under the Accounts and Audit Regulations authorities must publish the following information on the authorities website/web pages:-

Before 1 July 2025 authorities must publish

- **Notice of the Period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited.**

This was achieved on 23 June 2025. See also section M above.

- **Section 1: The Annual Governance Statement 2024/25 approved and signed, page 4.**

This was achieved by the Full Council approval of Section 1 of the AGAR on 19 June 2025. The council resolved that it could say yes to the required governance statements. The individual assertions are reflected in minute no HPC 25/26/059 of the 19 June meeting.

Section 1 of the AGAR was signed by the clerk and the Chair and added online on 23 June 2025.

- **Section 2 Accounting Statements 2024/25 - approved and signed page 5.**

This was achieved by the Full Council approval of Section 2 on 19 June 2025. The council approved and recorded this decision in minute HPC 25/26/059 of the 23 June meeting. The appropriately signed Section 2 of the AGAR is shown online.

Not later than 30 September 2025 Authorities must publish

- **Notice of Conclusion of Audit**

The notice of conclusion of the audit was received from Forvis Mazars dated 29 September 2025 and was posted online on 29 September 2025. The conclusion of the audited return was considered and approved by councillors at the full council meeting held on 6 November 2025.

- **Section three External Auditor Report and Certificate**

This notice was dated 29 September 2025 and has been posted online on the 29 September 2025. It was considered and approved at the Full Council Meeting held on 6 November 2025.

- **Sections 1 & 2 of AGAR including any amendments as a result of the limited assurance review**

These sections (unamended) were published online on 29 September and considered and approved at the Council Meeting held on 6 November 2025.

- **It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report (page 3).**

The Annual Internal Audit Report, page three of the AGAR return is shown online.

I am of the opinion that Horden Parish Council has met this criteria and can therefore certify the Internal Audit Report (page 3) accordingly.

O. The authority complied with laws, regulations & proper practices relating to digital and data compliance.

The Practitioners' Guide 2026 issued by the Smaller Authorities Proper Practices Panel (SAPPP) recommends the following to be assessed as part of this assertion.

- **Ensure local authority has, as a minimum, a single generic email address on an authority owned domain.**

Horden Parish Council has a registered domain of horden-pc.gov. All councillors have been issued with a firstname.surname@horden-pc.gov email address. Generic email addresses exist for example parks@ or cemetery@. In addition council officers have appropriate email addresses for example, clerk@, deputy@ and admin@ etc

- **Check that website accessibility has been tested, at least annually, and that the accessibility statement has been updated as required.**

Website accessibility was checked early in 2026 using appropriate software. A number of issues were identified which, where possible, have been corrected by officers. A few outstanding amendments need to be corrected by the council's website providers.

- **Check when the authority last completed a data audit.**

A data audit has not been undertaken for a number of years so the council needs to address this as soon as practicable.

- **Ensure the authority has prepared and formally adopted a data protection policy that is reviewed at least once annually.**

A Data Protection Policy is in place which was last approved by council in April 2025.

- **Ensure the authority has an up to date IT policy in place.**

The council needs to prepare and approve an IT Policy as soon as practicable.

RECOMMENDATION

HORDEN PARISH COUNCIL

- 1. SHOULD UNDERTAKE A DATA AUDIT AS SOON AS PRACTICABLE TO ENSURE FUTURE COMPLIANCE WITH SECTION O OF THE INTERNAL AUDIT REPORT AND ASSERTION 10 OF THE AGAR GOVERNANCE STATEMENT.**
- 2. SHOULD PREPARE AND APPROVE AN IT POLICY**

I am of the opinion that Horden parish council needs to complete a data audit and prepare and approve an IT Policy and can not therefore certify the internal audit report (page 3).

P (For Local Councils only) Trust Funds (including charitable) - The council met its responsibilities as a trustee. The Practitioners' Guide issued by the Smaller Authorities Proper Practices Panel (SAPPP) recommends the following to be assessed as part of this assertion.

A separate report is produced for the Horden Recreation Ground Charity.

- Confirm that all charities of which the council is a Trustee are up to date with CC filing requirements.

The council is a sole managing trustee of a charitable body called the Horden Recreation Ground Charity number 520826.

On 7 January 2026 the Charities Commissions website indicated that the Charity reporting was up to date with details of the 2024/25 financial year registered with them.

- that the council is the sole trustee on the Charity Commission register.

I have checked the Charity Commission register and Horden Parish Council is shown as the sole trustee. No other trusteeships are registered for this charity.

- that the council is acting in accordance with the Trust deed.

"1 The object of the charity is, in the interests of social welfare, to improve the conditions of life for the inhabitants of the area of benefit without distinction of political, religious or other opinions by the provision and maintenance of a recreation ground.

2 The land identified in the schedule to this scheme must be retained by the trustee for use for the object of the charity."

In addition to the above charity objects, charity Trustees must not

- receive any benefit in money or in kind from the Charity or*
- Have any financial interest in the supply of goods or services to the charity.*
- Acquire or hold any interest in property of the charity (except in order to hold it as a trustee of the charity).*

The above information is reflected in the sighted original Trust Deed dated 5 November 1998.

In my opinion the recreation ground provided is used to meet its objectives for recreational use. The land in question is currently used by football and cricket teams as well as providing sculptures, parkland and play area provision for the benefit of Horden inhabitants.

Trustees are asked to declare any interest in agenda items at each meeting.

- that the Charity meetings and accounts recorded separately from those of the council.

All financial activity for the Charity is recorded in a separate accounting software financial system called Alpha. The Charity has its own bank account, cheque book, purchase order system (HRG numbers) paying in book and receipt book.

Expenditure and income amounts are reported to each meeting for approval by the Trustees. The Trust's monthly bank balance is also reported to Trustees at every meeting. Regular (monthly) bank reconciliations are undertaken between bank statements and the Alpha computer system.

I have examined a range of trust income and expenditure transactions for the period 1 April 2025 to 31 December 2025 and can certify that they are all trust related, appropriately coded and financially accounted for within the trusts accounts. Some trust payments are made from a separate cheque book/bank account located in the council offices.

Related to the above I have also examined a sample of BACS and Direct Debit payments relating to the charity.

Income related receipts were traced from the receipt book to the paying in book and then to the bank account.

On the Charity Commission's website, the 2024/25 total income was shown as £29,338 and the total expenditure was £61,343.

A separate asset register is in place for the Charity.

A large scale capital project has been undertaken by the charity during 2025/26. This project was managed by an independent experienced project manager (architect).

- Review the level and activity of the charity and where a risk based approach suggests such, review the Independent Examiners report.

The council produces separate monthly agendas for Charitable Trust meetings. These monthly meetings are held independently of and immediately following parish council meetings.

Horden Parish Council is involved in the Horden Recreation Ground Charity and I have considered the above requirements and provided my findings to the requirements above. A separate report has also been issued on this area of work.

4.0 Audit Recommendations

Assertion B	To avoid any ambiguity the council's Standing Orders could, although not required, be amended to show the financial purchase limits shown in its Financial Regulations. This will ensure that consistent values are in place for the acquisition of all purchases between Standing Orders and Financial Regulations.
Assertion O	Horden Parish Council <ol style="list-style-type: none">1. Should undertake a data audit as soon as practicable to ensure future compliance with section O of the internal audit report and assertion 10 of the AGAR governance statement. 2. Should prepare and approve an IT policy.

