



**CHIPCHASE MANNERS**

CHARTERED ACCOUNTANTS & TAX CONSULTANTS

Our Ref: CSG

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12 June 2026

Dear Sirs

**Great Ayton Parish Council**  
**Internal Audit: Year Ended 31 March 2026**

**Executive Summary**

Following completion of our internal audit we enclose our report for your attention and presentation to the Council.

The audit was conducted in accordance with current practices and guidelines.

An internal audit does not require that all transactions are checked, rather that transactions are tested on a sample basis where this is appropriate.

Our report is presented in the same order as the assertions on the internal auditor report within the published AGAR. Each section sets out the work undertaken and is concluded with an opinion as to whether the assertion has been met or not.

The AGAR can be submitted to the external auditor without amendment.

## **Regulation**

The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. In addition to this, a smaller authority is required by Regulation 5(1) of the Accounts and Audit Regulations 2015 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.”

Internal auditing is an independent, objective assurance activity designed to 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. The purpose of internal audit is to review and report to the parish council on whether its systems of financial and other internal controls over its activities and operating procedures are effective.

The function of an internal audit is to test and report to the parish council on whether its specific system of internal control is adequate and working satisfactorily.

The internal audit report should therefore be made available to all members to support and inform them when they are considering the parish council’s approval of the annual governance statement.

## **Independence & Competence**

The internal audit was conducted by Christopher Gorman, FCA, FCCA of Chipchase Manners, Chartered Accountants. We confirm we are independent from the management of the financial controls and procedures of the parish council and that the internal auditor has no conflicts of interest with the parish council, nor do they provide any management or financial assistance to the parish council.

The internal auditor is a qualified practicing accountant and is a registered statutory auditor.

## **Engagement Letter**

An engagement letter was issued on 8 June 2026 covering the 2025/26 internal audit assignment.

## **Planning & Inherent Risk Assessment**

Our work will address each of the internal control objectives as stated on the Annual Internal Audit Report of the AGAR.

Testing will be carried out on a sample of data to encompass the period of the parish council year under review.

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## A. BOOKS OF ACCOUNT

### **Internal audit requirement**

*Appropriate accounting records have been properly kept throughout the financial year.*

The parish council maintains its financial records using Microsoft Excel. The records are well maintained by the Clerk, who is competent in operating this system. Given the size and complexity of the council's activities, the use of Excel remains appropriate for both the ongoing record-keeping and the preparation of year-end financial statements.

Physical records, including supporting documentation for income and expenditure, are well organised and maintained on a monthly basis. Regular reporting to council has continued throughout the year, and records are approved by the Chairman.

We tested the opening balances as at 1 April 2025 and confirmed they agree to the prior year 2024/25 AGAR accounting statements.

We found the accounting records to be complete, accurate, and appropriately reconciled throughout the year. We make no recommendations for changes to the current system.

### **Section Conclusion**

The control objective of "*Appropriate accounting records have been properly kept throughout the financial year*" has been met.

## B. FINANCIAL REGULATIONS, GOVERNANCE & PAYMENTS

### **Internal audit requirement**

*This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.*

The parish council's financial regulations are set out in an updated document dated 10 May 2025 which is available on the website of the parish council.

The regulations contain provisions for the approval of spending, setting of budgets, reconciliation of the bank, investment plans and reporting to council.

Minutes are uploaded to the council website on a timely basis.

The minutes show authorisation of payments lists in accordance with the parish council's regulations.

We tested a sample of payments for services and goods in 2025/26 on a monthly basis and confirmed they were supported by invoices.

Costs are recorded net of VAT with VAT being recovered on an annual basis via a VAT126 claim as an organisation not registered for VAT.

Cheques must be signed by two signatories.

### **Section Conclusion**

The control objective of *“This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for”* has been met.

## **C. RISK MANAGEMENT & INSURANCE**

### **Internal audit requirement**

*This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.*

The parish council undertakes a risk assessment that covers operational and financial risks. The latest published copy is dated 10 May 2025.

The above is available on the parish council’s website.

The parish council reviews its insurance requirements as part of the renewal process.

### **Section Conclusion**

The control objective of *“This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.”* has been met.

## **D. BUDGET, PRECEPT & RESERVES**

### **Internal audit requirement**

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

The budget for 2025/26 was appropriately prepared and approved by the parish council, clearly identifying the level of precept required for the year.

The precept received during the year remained consistent with the prior year.

We confirmed that the precept recorded in the accounting records agrees to the approved precept requirement and the amounts notified by North Yorkshire Council.

Budget monitoring and control procedures are undertaken during regular council meetings, with actual expenditure compared against budget throughout the financial year.

The level of reserves held at 31 March 2026 appears appropriate for a parish council of this size and level of activity.

### **Section Conclusion**

The control objective of *“The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.”* has been met.

## E. INCOME

### **Internal audit requirement**

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

The parish council has precept, cemetery fees, allotment rent, events and funding income.

The precept income of £185,000, received in two instalments throughout the year, has been received in full and traced back to the remittance advices received from North Yorkshire Council.

The parish council is not registered for VAT as it does not make taxable supplies.

### **Section Conclusion**

The control objective of “*Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.*” has been met.

## F. PETTY CASH

### **Internal audit requirement**

*Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.*

There are no petty cash transactions in either the current year or the prior year, therefore there is no further work necessary on this section.

### **Section Conclusion**

The control objective of “*Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT accounted for*” has not been covered as it not applicable.

## G. PAYROLL

### **Internal audit requirement**

*Salaries to employees and allowances to members were paid in accordance with this authority’s approvals, and PAYE and NI requirements were properly applied.*

Until 1 July 2025, salaries were paid by the local authority and recharged to Great Ayton Parish Council on a quarterly basis, including employer's National Insurance and pension liabilities. Since this date, the parish council has operated payroll directly using Sage Payroll.

PAYE was operated correctly during 2025/26, with liabilities paid by the required deadlines.

Pension deductions were also correctly operated during 2025/26.

**Section Conclusion**

The control objective of *“Salaries to employees and allowances to members were paid in accordance with this authority’s approvals, and PAYE and NI requirements were properly applied.”* has been met.

**H. ASSETS AND INVESTMENTS**

**Internal audit requirement**

*Asset and investments registers were complete and accurate and properly maintained.*

The parish council maintains a fixed asset register which appears complete, up to date, and reflective of the council’s assets held during the year.

There are no issues to report in relation to fixed assets or investments for the year ended 31 March 2026.

**Section Conclusion**

The control objective of *“Asset and investments registers were complete and accurate and properly maintained”* has been met.

**I. BANK & CASH**

**Internal audit requirement**

*Periodic and year-end bank account reconciliations were properly carried out.*

At the year-end date the parish council had a reconciled bank position.

Monthly financial statements and supporting bank reconciliations are circulated during the monthly meetings and there is evidence of this in the minutes published to the parish council website.

**Section Conclusion**

The control objective of *“Periodic and year-end bank account reconciliations were properly carried out”* has been met.

**J. YEAR END ACCOUNTS**

**Internal audit requirement**

*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 year-end accounts have been correctly prepared on an income and expenditure (accruals) basis, and the Box 7 and Box 8 reconciliation has been accurately completed.

The AGAR correctly casts and cross-casts, and an audit trail is available from the Excel accounting records, which are well maintained and can be traced back to the cash book and supporting documentation.

Year-end debtors and prepayments include VAT receivable, prepayments and accrued income.

Creditors at the year-end include trade creditors, accruals and PAYE and pension liabilities which appear reasonable based on the information available.

The parish council has made provision within its published schedule of meetings for the approval and signing of the Annual Governance Statement and Accounting Statements.

#### **Section Conclusion**

The control objective of *“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”* has been met.

#### **K. LIMITED ASSURANCE REVIEW**

##### **Internal audit requirement**

*If the authority certified itself as exempt from a limited assurance review in 2024/25, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2024/25 AGAR tick “not covered”)*

Not applicable.

#### **L. TRANSPARENCY**

##### **Internal audit requirement**

*The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.*

The parish council maintains a free-to-access website which is up to date at the time of the internal audit. Required documentation, including agendas, minutes, contact details, and financial information, is published in accordance with the relevant legislation.

#### **Section Conclusion**

The control objective of *“The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.”* has been met.

## M: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS

### **Internal audit requirement**

*The authority, during the previous year (2024/25) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).*

The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 require that the statement of accounts prepared by the authority (i.e. the Annual Governance & Accountability Return), the accounting records for the financial year, and all related supporting documents must be made available for public inspection during a period of 30 working days, which must include the first 10 working days of July.

The notice of public rights for 2024/25 commenced on 30 June 2025 and ended on 8 August 2025, covering the required period in full. The notice was published on the parish council's website in accordance with the regulations.

### **Section Conclusion**

The control objective of "*The authority, during the previous year (2024/25) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set)*" has been met.

## N. PUBLICATION REQUIREMENTS

### **Internal audit requirement**

*The authority has complied with the publication requirements for 2024/25 AGAR. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website/webpage:*

A review of the parish council website shows that the parish council posts the relevant information in accordance with statutory requirements.

The Notice of Public Rights was published on 30 June 2025, which complies with the requirement to publish by 1 July 2025. The Annual Governance Statement and Accounting Statements were also published alongside this notice.

The External Auditor's Report and Certificate were published on 30 September 2025, ahead of the 30 September 2025 publication deadline.

All required documents were made publicly available on the parish council's website within the prescribed deadlines.

### **Section Conclusion**

The control objective of "*The authority has complied with the publication requirements for 2023/24 AGAR. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website/webpage*" has been met.

O. DATA COMPLIANCE

**Internal audit requirement**

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

The authority maintains a publicly accessible website and uses a generic council email address for official correspondence.

A review of the website confirmed that the authority publishes information in accordance with transparency and AGAR requirements. The website includes a Privacy Policy setting out the authority's responsibilities in relation to personal data and GDPR compliance, together with an Access to Information section confirming adoption of the Freedom of Information Act 2000 and the ICO Model Publication Scheme. The authority also maintains an Archiving and Retention Policy governing the retention of council records.

**Section Conclusion**

The control objective of *"The authority has complied with laws, regulations & proper practices relating to digital and data compliance."* has been met.

P. TRUSTEESHIP

**Internal audit requirement**

*Trust funds (including charitable) – The council met its responsibilities as a trustee.*

The council has the right to appoint a trustee to the board of Captain Cook Memorial Trust in which it has met all of its responsibilities during the year.

No issues were identified during our review.

**Section Conclusion**

The control objective of *"The council met its responsibilities as a trustee"* has been met.

Yours faithfully



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Date ..... 12/06/26 .....