Report to Hollesley Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2026

1. Introduction and Summary.

1.1 The Internal Audit work undertaken confirmed that during the 2025/26 year the Council continued to maintain effective governance arrangements including a robust and effective framework of internal control and risk management. The Internal Audit review, undertaken on the documentation provided to the Internal Auditor and on the information published on the Council's website, has confirmed that the Council maintains efficient systems of financial administration.

1.2 By examination of the 2025/26 accounts and supporting documentation it was confirmed that the Clerk, in the role as the Council's Responsible Financial Officer (RFO), satisfactorily undertook the administration of the Council's financial affairs and produced financial management information to enable the Council to make well-informed decisions.

1.3 The Accounts for the year confirm the following:

Total Receipts for the year:	*£47,202.60*
Total Payments in the year:	*£27,808.47*
Total Reserves at year-end:	*£45,078.18*

1.4 The Annual Governance and Accountability Return (AGAR) to the External Auditors was examined and the following figures agreed with the Clerk/RFO for inclusion in Section 2 Accounting Statements 2025/26 (rounded for purposes of the Return):

Balances at beginning of year (1 April 2025):	*Box 1:*	*£25,684*
Annual Precept 2025/26:	*Box 2:*	*£41,400*
Total Other Receipts:	*Box 3:*	*£5,802*
Staff Costs:	*Box 4:*	*£12,512*
Loan interest/capital repayments:	*Box 5:*	*£0*
All Other payments:	*Box 6:*	*£15,296*
Balances carried forward (31 March 2026):	*Box 7:*	*£45,078*
Total cash/short-term investments:	*Box 8:*	*£45,078*
Total fixed assets:	*Box 9:*	*£198,860*
Total borrowings:	*Box 10:*	*0*

1.5 Sections One and Two of the AGAR are due to be approved and signed at a forthcoming meeting of the Council. The Internal Auditor has completed the Annual Internal Audit Report 2025/26 within the AGAR.

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1.6 The following Internal Audit work was carried out on the adequacy of systems of internal control. Comments and any recommendations arising from the review are made below.

2. Governance, Standing Orders, Financial Regulations and other Regulatory matters *(examination of Standing Orders, Financial Regulations, Code of Conduct, Formal Policies and Procedures, Tenders where relevant. Acting within the legal framework, including Data Protection legislation).*

2.1 The **Annual Parish Council meeting** was held on 15 May 2025. The first item of formal business was the Election of a Chair, in accordance with the requirements of the Local Government Act 1972. The meeting also agreed the appointment of Councillors to outside organisations, areas of interest and responsibility for each Councillor and approved the Bank Standing Orders and Direct Debits set up for the Council.

2.2 **Standing Orders** are in place and are based on the model documents published by the National Association of Local Councils (NALC). The Standing Orders were reviewed and adopted by the Council at its meeting on 15 May 2025 (Minute 14b refers). A copy of Standing Orders has been published on the Council's website.

2.3 **Financial Regulations** are in place and were also reviewed and approved by the Council at its meeting on 15 May 2025 (Minute 14a refers) and reflect the model documents and guidance provided by NALC. A copy of Financial Regulations has been published on the Council's website.

2.4 The Council is applying the **General Power of Competence** (GPoC). At its meeting on 18 May 2023 the Council declared that it met the relevant criteria regarding elected Councillors and a suitably qualified Clerk and adoption of the Power was agreed (Minute 13d refers). The GPoC continues in place until May 2027.

2.5 The Council has a **Responsible Financial Officer** (RFO) in place, Clare Cooper being in post during the year 2025/26.

2.6 The Council has in place a **Projects List** which details the operations planned and being undertaken by the Council and against which progress can be monitored. At the Council's meeting on 17 July 2025 the Project List was reviewed, completed projects removed along with those no longer relevant. Following the amendments the Projects List was adopted.

2.7 The Council's **Minutes** are well presented and provide clear evidence of the decisions taken by the Council in the year. Each page of the Minutes is consecutively numbered and signed/initialled by the person acting as Chair of the meeting at which the Minutes are approved.

2.8 The **Council is registered with the Information Commissioner's Office** (ICO) as a Fee Payer/Data Controller for the provision of council services under Data Protection legislation (Registration ZA150248 refers, expiring 16 November 2026).

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2.9 The Council demonstrates compliance with the **General Data Protection Regulations (GDPR)** through the adoption of formal policies including a Data Protection Statement, a Data Protection Risk Assessment, a Data Protection Impact Assessment, an Information Security Incident Policy, an Information Protection Policy and a Retention of Documents and Records Policy, all of which have been published on the Council's website. At its meeting on 17 May 2018 the Council resolved that the Clerk/RFO should undertake the role of Data Protection Officer (Minute 12b refers).

2.10 The Council also demonstrates good practice by maintaining a wide range of other formal **Policies, Procedures and Protocols**, including a Health and Safety Policy, Affordable Housing Policy, Formal Grants Award Policy, Equal Opportunities Policy, Reporting Protocol, Public Participation Protocol and Disciplinary Procedure, all of which have been published on the Council's website.

2.11 The Council's Safeguarding Policy was reviewed and approved by the Council at its meeting on 15 May 2025 and an IT Policy on 17 July 2025.

2.12 Similarly, a Formal Complaints Procedure and a Grievance Policy were reviewed and adopted by the Council on 20 November 2025.

2.13 A Freedom of Information procedure is in place and published on the website. The Publication Scheme was reviewed and adopted by the Council on 20 November 2025.

2.14 The Clerk/RFO confirmed that she maintains a Parish Calendar to record routine events in the year and includes the date when Policies are required to be reviewed.

2.15 The Model **Councillor Code of Conduct** (2020) for Councillors was considered and adopted by the Council at its meeting on 19 May 2022 (Minute 18c refers). The Code details the requirements and responsibilities placed upon each individual Councillor. A copy of the Code has been published on the Council's website.

2.16 A new Assertion 10 is included in the Annual Governance Statement (AGS) within the 2025/26 AGAR. To fully comply with Assertion 10 a local council must:

a) Use a council-owned domain (The Council has registered under an official .gov.uk domain name of hollesley-pc.gov.uk).

b) Operate at least one generic email account on the council owned domain (The Clerk/RFO maintains such an email account).

c) Ensure the website is accessible to Web Content Accessibility Guidelines (WCAG) 2.2 AA standards (the website host Suffolk Cloud undertook testing in November 2024 against WCAG 2.2AA to ensure site compliance and tests recently conducted in-house by the Council revealed a reading for compliance of 9.8 out of 10).

d) Adopt a formal IT Policy covering data protection and device usage (The Council has an IT Policy in place, the Council having approved the Policy at the meeting on 17 July 2025).

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e) Comply with the UK General Data Protection Regulations (UK GDPR) and the Data Protection Act 2018 and process personal data lawfully, fairly, and in line with UK GDPR principles (this requirement is being met).

2.17 In addition, the Clerk/RFO has confirmed and provided evidence to the Internal Auditor that the above requirements have been met and the Council is able to provide positive affirmation to Assertion 10 in the AGS. The Council has demonstrated proper governance of their digital presence, including using an authority-owned domain for emails and complying with the latest website accessibility standards as far as practicably possible.

3. Accounting Procedures and Proper Book-keeping *(examination of entries in the Cashbook, regular reconciliations, supporting vouchers, invoices and receipts and VAT accounting).*

3.1 The Cashbook Spreadsheet was found to be in good order and well presented. VAT payments are tracked and identified within the Cashbook.

3.2 The Spreadsheet is well referenced and facilitates an audit trail to the Bank Statements and Online payments and the monthly financial information prepared by the Clerk/RFO. A small sample of supporting invoices were examined; queries that arose during the audit were discussed with and resolved by the Clerk/RFO.

3.3 The Council has comprehensive documentation and financial data in place. The documentation and information were well presented for the internal audit.

3.4 Re-claims to HMRC for VAT paid were regularly made, as follows:

a) A re-claim for £309.09 VAT paid in the period 1 January 2025 to 31 March 2025 was submitted to HMRC on 1 April 2025 and received at bank on 4 April 2025.
b) A re-claim for £190.18 VAT paid in the period 1 April 2025 to 30 June 2025 was submitted to HMRC on 2 July 2025 and was received at bank on 7 July 2025 and reported to Council on 17 July 2025.
c) A re-claim of £196.26 for VAT paid in the period 1 July 2024 to 30 September 2025 was submitted to HMRC on 3 November 2025, was received at bank on 6 November 2025 reported to Council on 20 November 2025.
d) A re-claim for £124.87 VAT paid in the period 1 October 2025 to 31 December 2025 was received at bank on 5 March 2026 and reported to Council on 19 March 2026.

3.5 A detailed Statement of Significant Variances (explaining significant differences in receipts and payments between the years 2024/25 and 2025/26) has been prepared by the Clerk/RFO for submission to the External Auditors and publication on the Council's website.

3.6 A Community Infrastructure Levy (CIL) Annual Report for 2025/26 has been prepared by the Clerk/RFO. The Report confirmed the CIL balance of £0 brought forward from 2024/25 with £0 CIL receipts and £0 payments in the year 2025/26. The CIL amount of £0 has accordingly been carried forward as at 31 March 2026.

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4. Bank Reconciliation ***(Regularly completed and cash books reconcile with bank statements).***

4.1 The Clerk/RFO presents up-to-date accounts to Council meetings and a nominated Councillor verifies the figures in the bank accounts with the action being recorded in the Council's Minutes.

4.2 The bank statements as at 31 March 2026 displayed the following:

Barclays Community (Current) Account (£3,971.44)
Business Premium (Reserves) Account (£40,205.41)
Barclays Premium (Project) Account (£901.33)

The total of £45,078.18 reconciled with the End-of-Year accounts and agreed with the overall Bank Reconciliation at the Year End.

5. Year End procedures ***(Regarding accounting procedures used and can be followed through from working papers to final documents. Verifying sample payments and income. Checking creditors and debtors where appropriate).***

5.1 End of Year accounts are prepared on a Receipts and Payments basis and were in good order. Sample audit trails were undertaken and were found to be in order.

6. Internal Control and the Management of Risk ***(Review by Council of the effectiveness of internal controls, including risk assessment, and Minuted accordingly).***

6.1 The Council's Risk Assessment (Maintenance) document was reviewed and adopted by the Council at its meeting on 19 June 2025 (Minute 13b refers).

6.2 The Council reviewed the Internal Control mechanisms and the effectiveness of Internal Audit its meeting on 22 January 2026 (Minute 6b refers).

6.3 The Council's Risk Assessment documents were reviewed and adopted by the Council at its meeting on 19 March 2026 (Minute 11a refers). The Risk Assessment (Financial) and Risk Assessment (Non-Financial) documents provide a detailed analysis of risks faced by the Council and the internal control measures in place to mitigate the risks identified. The Risk Assessments for Cemetery Maintenance and Litter Picking were included in the review and similarly adopted by the Council.

6.4 The Council accordingly complied with the Accounts and Audit Regulations 2015 which require a review by the Full Council at least once a year of the effectiveness of the Council's system of internal control, including the arrangements for management of risk, with the review suitably Minuted.

6.5 Internal Control Statement is in place and Internal Control Report was undertaken by Councillor Dawson and presented to Council on 16 April 2026

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6.6 Insurance was in place for the year of account. At the meeting on 18 September 2025 the Council noted that four comparative quotes had been circulated to Councillors prior to the meeting. The Council agreed to accept the single year cover from Community Action Suffolk and approved the payment of the insurance premium of £1,054.21. The insurance cover runs from 1 October 2025 to 30 September 2026.

6.7 Employer's Liability cover and Public Liability cover each stand at £10m. Cover for Fidelity Guarantee (Councillor/Employee Fraud and Dishonesty) is at £100,000, which meets the current recommended guidelines which provide that the cover should be at least the sum of the year-end balances plus 50% of the precept/grants received.

7. Budgetary controls *(Verification of the budgetary process with reference to Council Minutes and supporting documents).*

Precept 2025/26: £41,400 (agreed by Council on 19 December 2024, Minute 6c).

Precept 2026/27: £42,974 (agreed by Council on 20 November 2025, Minute 5b).

7.1 A Draft Budget and Precept for 2025/26 were considered by the Council on 21 November 2024. The final Budget for 2025/26 was formally agreed in Full Council on 19 December 2024 and the precept decision and amount has been clearly Minuted

7.2 The Draft 2026/27 Budget figures were presented to the Council at its meeting on 20 November 2025 and a Precept agreed.

7.3 The Precepts were agreed in Full Council and the Precept decision and amount have been clearly Minuted. The Clerk/RFO ensures that the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves. Detailed Budget papers are prepared to ensure Councillors have sufficient information to make informed decisions.

7.4 Good budgetary procedures are in place. Examination of the accounts and supporting documentation for the year under review confirmed that the Council prepared detailed estimates of the annual budget and of receipts and payments. The agreed estimates were used effectively for financial control and budgetary control purposes throughout the year.

7.5 At its meeting on 21 August 2025 the Council noted that all the Reserves available were Unallocated Reserves. The Clerk/RFO explained that Reserves had dropped significantly but more recently had started to be rebuilt and were currently within the guideline of 3 to 12 months of net expenditure/Precept. The Council agreed to continue with all Reserves being designated as Unallocated.

7.6 The Council has a Reserves Policy in place (dated 19 May 2022) which provides that the Council will hold Reserves for the following purposes:

• A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing (part of the General Reserves).

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• A contingency to cushion the impact of unexpected events or emergencies (also part of the General Reserves).
• A means of building up funds (Earmarked Reserves), to meet known or predicted requirements.
• A means of using funds to address the demands that development has placed on the area from the (CIL) Restricted Reserves.

7.7 The Overall Reserves available to the Council as at 31 March 2026 were £45,078.18 of which Earmarked Reserves totalled £12,400 as follows:

Oak Tree Work:	£3,500
Oak Hill Bus Shelter:	£2,800
Allotment hedges:	£400
Oak Hill Play Equipment:	£5,700

7.8 The General Reserves (Overall Reserves less Earmarked/Restricted Reserves) were accordingly £32,678.18 (76% or 9 months equivalent of the 2026/27 Precept) and were In line with the generally accepted Best Practice position that non-earmarked revenue reserves should usually be between three and twelve months of Net Revenue Expenditure/Precept (the SAPPP Practitioners' Guide, Item 5.34 refers).

8. Income Controls *(regarding sums received from Precept, Grants, Loans and other income including credit control mechanisms).*

8.1 Receipts are reported to the Council as a matter of routine. Receipts are listed as £47,202.60 in the year of account and consist of the Precept (£41,400), Grants from ESC for foodbanks (£1,000), VAT Refund (£820.40), Allotment Rents (£962.93), Cemetery (£1,780), Bank Interest (£433.07) and Other Income (£806.20)

8.2 A small sample of Receipts recorded in the Cashbook Spreadsheet was cross referenced with the available documentation and bank statements on a test-check basis and were found to be in order.

8.3 Cemetery Registers are in place to manage the administration of this service. At its meeting on 17 July 2025 the Council reviewed the fees for the Cemetery and it was agreed that a price increase of 15% (rounded to the nearest £5) would be applied to all charges with immediate effect. The Council considered and approved the Cemetery Regulations at the meeting on 17 July 2025.

8.4 An Allotment register is maintained to control the payments of allotment fees etc. The Council reviewed Allotment charges at its meeting on 16 June 2025 and agreed that the charges be increased by 2p per sqm with effect from November 2025 to 14p per sqm. The Council agreed that the existing Terms & Conditions remained fit for purpose and that they should be emailed to all allotment holders as a reminder.

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9. Petty Cash *(Associated books and established systems in place).*

9.1 A Petty Cash system is not in use. An expenses system is in place, with on-line payments being made for expenses incurred.

10. Payroll Controls (*PAYE and NIC in place; compliant with HMRC procedures; records relating to contracts of employment).*

10.1 Payroll Services are operated on behalf of the Council by the Suffolk Association of Local Councils (SALC). Detailed payslips are produced, PAYE is in operation and contributions are being made to the Local Government Pension Scheme (LGPS). Calculations regarding Pay, PAYE and Pension Contributions are undertaken by SALC in accordance with HMRC requirements. The Council displays good practice in using the services of a third party to calculate Pay and PAYE amounts. SALC performs this service for a reasonable cost.

10.2 At the meeting on 19 September 2024 the Council formally appointed Clare Cooper as Clerk/RFO. A Contract of Employment dated 1 October 2024 is in place and confirms that the current Clerk/RFO is paid for 12 hours per week at a starting salary at SCP18 within the Scale points range of SCP 18 – 23.

10.3 At the meeting on 19 December 2024 the Council noted the approaching end of the Clerk/RFO's probationary period and agreed that the contract of employment be confirmed as permanent.

10.4 On 18 September 2025 the Council noted the outcome of the Clerk/RFO's appraisal and agreed to increase the salary Scale Point from 18 to 19.

10.5 The Council is enrolled in the Suffolk County Council pension scheme and this applies to the Clerk/RFOs in post.

10.6 With regard to the legislation relating to workplace pensions, the necessary re-declaration of compliance as required by the Pensions Regulator under the Pensions Act 2008 was made by the Clerk/RFO on 30 January 2026. (The re-declaration of compliance confirms to the Pensions Regulator that the Council complies with its duties as an employer and has to be completed every three years).

11. Assets Controls *(Inspection of asset register and checks on existence of assets; recording of fixed asset valuations; cross checking on insurance cover).*

11.1 A comprehensive Asset Register is in place and was reviewed and approved by the Council at its meeting on 19 June 2025.

11.2 The assets are recorded at cost value. In the instances where the actual cost is unknown the asset is recorded at a nominal £1 community value. The total value of £198,860 as at 31 March 2026 displays a net decrease of £647 from the £199,507 value at the end of the previous year, 31 March 2025 and reflects the removal of the

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Play Park seat (£650) and addition of seats at Mallard Way, a defibrillator and a Projector (all 3 purchase brought in at a community value of £1 each).

11.3 A copy of the Asset Register has been published on the Council's website.

11.4 The Asset Register complies with the current requirements which provide that each asset should be recorded at a consistent value, year-on-year. The value has been correctly placed in Box 9 of the AGAR 2025/26.

11.5 The Council maintains a Register of Assets of Community Value. Hollesley Garage, Hollesley Village Hall, Hollesley Shop & Post Office and The Shepherd & Dog Public House are designated as Assets of Community Value.

12. Internal Financial Controls, Payments Controls and Audit Procedures *(Confirmation that the Council has satisfactory internal financial controls in place for making payments with adequate documentation to support/evidence payments made. Any previous audit recommendations implemented).*

12.1 The Council has effective internal financial controls in place. The Clerk/RFO provides financial reports to Council meetings and Councillors are provided with information to enable them to make informed decisions. The Council's Cashbook Spreadsheet Accounts are agreed at meetings of the Council and a Councillor is designated to check the Council's bank statements.

12.2 The Council receives at each meeting a list of payments for review and authorisation, payments made since the previous meeting and any sums received. Receipts and Payments are listed in the Minutes of the Council as part of the Council's overall financial control framework.

12.3 The Clerk/RFO maintains an 'Online Payments List'. Invoices/vouchers are available to Councillors to verify at Council meetings. After payments are approved at a meeting of the Council, the Clerk/RFO sets up the online payments and acts as the 'First Authoriser' (as required by Barclays Bank as a 'create only' facility is not provided). The Clerk/RFO then submits the Online Payments List to Councillors (with original invoices or scanned invoices/vouchers where required) and a Councillor Authoriser is asked to counter authorise each payment (the 'Second Authorising' procedure).

12.4 The Clerk/RFO confirmed to the Internal Auditor that no payments were made by cheque during 2025/26.

12.5 The Internal Audit Report for the previous year (2024/25) was received and accepted by the Council at its meeting on 15 May 2025 (Minute 11b refers). No recommendations were put forward in the report.

12.6 The Internal Auditor for the year 2025/26 was appointed by the Council at its meeting on 15 May 2025 (Minute 7a refers).

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13. External Audit *(Recommendations put forward or comments made following the Limited Assurance Review).*

13.1 The Report and Certificate dated 25 July 2025 from the External Auditors, PKF Littlejohn LLP, for the year 2024/25 was reported to the Council at its meeting on 21 August 2025 (Minute 5b refers). No matters came to the External Auditors' attention to give any cause for concern.

14. Publication Requirements.

14.1 Under the Accounts and Audit Regulations 2015 authorities must publish each year the following information on a publicly accessible website:

To be published by 1 July:
Notice of the period for the exercise of Public Rights
AGAR - Sections 1 and 2.

14.2 Documents in respect of the year 2024/25 had been published and were readily accessible on the Council's webpage:
https://hollesley-pc.gov.uk/parish-council/accounts/

14.3. The items listed below are to be published following completion of the External Audit (and no later than 30 September):
Notice of Conclusion of Audit
AGAR - Section 3
AGAR - Sections 1 and 2 (including any amendments as a result of the Limited Assurance Review).

14.4 The Council noted the receipt of the External Audit Report and Certificate and the Notice of Conclusion of Audit at the meeting on 21 August 2025.

Internal Auditor was able to confirm that the documents for the year 2024/25 were readily accessible on the Council's webpage:
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15. Additional Comments

15.1 I would like to record my appreciation to the Clerk/RFO for her assistance during the course of the audit work.

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Trevor Brown

Chartered Institute of Public Finance and Accountancy

Internal Auditor **7 May 2026**

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