

## Annual Internal Auditor's report 2025/26 Hoath Parish Council

Internal Auditor: Deborah O'Brien CiLCA PIALC

Smaller authorities are required by 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.

In accordance with guidelines contained in the 2025 Practitioners' Guide (JPAG) paragraphs 4.6-4.12, I am independent of the Parish Council and its members as well as being a CiLCA qualified Clerk with over 10 years' experience.

I have carried out a selective assessment of the Council's compliance with relevant procedures and controls, which I expected to be in operation during the year ended 31<sup>st</sup> March 2026, as outlined in the letter of engagement signed by the Council at its 10<sup>th</sup> November 2025 meeting. The function of this internal audit is to improve efficiency and effectiveness of the Council's procedures, not to detect errors or fraud, as the management of the Council's internal controls is a function of the Council as a whole. (Practitioners' Guide, paragraphs 4.4-4.5).

This internal audit has been conducted electronically utilising requested documents provided by the Clerk, as well as those present on the website at [Hoath Parish Council](#). In addition, a Zoom meeting was held on 24<sup>th</sup> April 2026 to view hard copies of certain records.

This written report is laid out using the same format and headings as the AGAR Internal Audit report (page 3). Where I have answered NO to any of the AGAR assertions, the comments in bold in this report demonstrate the reasoning. I would recommend that the Practitioners' Guide is also referenced – the version for 2025/26 is available at [Practitioners' Guide 2025](#). A newer version for 2026/27 can also be downloaded.

Overall, the standard of management and governance processes is excellent, with some issues highlighted below for the attention of the Parish Council. I would like to thank the Parish Clerk/RFO, Caroline Read for her cooperation and assistance in facilitating this internal audit.

### Internal Audit report assertions

- A. Appropriate accounting records have been properly kept throughout the financial year.**
- Prior year's cashbook balance has been correctly brought forward.

- Appropriate accounting records have been kept throughout the year with monthly updates brought to council meetings. The PC uses Easy PC accounts.
- Bank reconciliations are reviewed monthly and minuted.
- Year-end bank reconciliation matched section 2 line 8 of the AGAR.
- Minutes for the year are complete and have been signed by the Chairman at the ensuing meeting.

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

- The Council has adopted the latest Standing Orders and Financial Regulations which are based upon the current (2025) model NALC templates.
- A sample of 15% of payments was reviewed and found to be administered and processed correctly.
- In the interests of transparency, I would recommend that a description of the expenditure is included with the minutes payment schedules – often they state just the payees name.
- Payments are made by BACS in accordance with Financial Regulations, and the Council has effective controls in place. Three out of five Councillors are on the mandate, leaving two Councillors for internal controls.

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

- [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. The internal control review is now undertaken annually and minuted, with a policy developed and adopted at the 1<sup>st</sup> April 2025 meeting.
- A strategic (financial & operational) risk management policy is in place, and this was reviewed at the 8<sup>th</sup> December 2025 meeting.
- Insurance coverage appears to be adequate generally and includes public & employer's liability and fidelity guarantees. Insurance values of asset register are covered. It is to be reviewed prior to renewal annually.
- Inspections of assets are conducted regularly, and repairs made accordingly. These should be documented and kept on file for insurance purposes.
- The Parish Council has no responsibility for any mature trees at present.
- Electronic data is stored in the Cloud and backed up to a separate hard drive.

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

- The 2025-26 budget was considered and agreed at the 9 December 2024 meeting. The 2025/26 Precept was also set at the December 2024 meeting (minute 13) in the amount of £11,000.
- The 2026-27 budget was considered and agreed at the 8 December 2025 meeting. The 2026/27 Precept was also set at the December 2027 meeting in the amount of £11,500.
- Reserves were considered as part of the budget setting process. As advised previously, I would recommend that the council should include contingencies such as loss of Concurrent Function Grant, election costs, planned high-cost expenditure such as developing a Neighbourhood Plan.
- As noted last year, regular (quarterly at a minimum) progress against the budget reviews must be undertaken by full council to comply with Financial Regulations and best practice. I could find no minuted evidence of this.

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

- The precept received (£11,000) equalled the precept requested. This matched central government records.
- £745 Concurrent funding grant was received.
- VAT claims have been made and are current. (£719.93 rec'd Nov 2025)
- The allotments are administered by an association and there is currently a balance due. Rent last increased in 2024.
- Paddock rent was reviewed and increased.

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

- Not applicable – no cash received. Financial regulations cover the handling of cash when necessary.

**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 sole employee is the Clerk/RFO who has the NALC model contract. Payroll is now administered via a payroll provider.
- The current hourly rate of pay is based upon the 2025/26 National Salary Award. The latest NALC/SLCC pay scale amendments have been applied.
- Sample payslips were reviewed and in order. HMRC/NI is paid quarterly.
- The Parish Council is registered with the Pensions Regulator and the latest re-declaration of compliance was made on 14<sup>th</sup> March 2026. The Council has initiated provision of a pension scheme for the Clerk.

- A working from home allowance is paid. This amount has correctly been included in line 6.
- HMRC PAYE online shows a balance of £257.22 owing for the 4<sup>th</sup> quarter which should be paid in the next quarter.
- No Councillor allowances are paid.

**H. Asset and investment registers were complete and accurately and properly maintained.**

- An updated Asset Register was viewed. It includes AGAR and insurance valuations which will be considered when the insurance is renewed.
- The amount matches line 9 of the AGAR.

**I. Periodic bank account reconciliations were properly carried out during the year.**

- Monthly bank reconciliations are made to the statements, reviewed by full Council and minuted. The Internal Controls Councillor reviews and signs the reconciliations.
- Year-end reconciliations for 31/3/25 and 31/3/26 were checked and agreed to line 8 of section 2 of the AGAR.

**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 council operates on receipts and payments accounting in accordance with regulation 11 of the Accounts and Audit Regulations 2015.
- The financial detail reported in the draft Section 2 of the AGAR reflects the detail shown in the accounting records for 2025/26.

**K. 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.**

- The Council meets the criteria as set out in Form 2 of the Annual Governance & Accountability Return. Neither payments nor receipts exceed £25,000.
- The Council approved the 2024/25 Certificate of exemption at its 9<sup>th</sup> June 2025 meeting.
- The exemption certificate is published on the Council's website.

**L. 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 Accounts and Audit Regulations 2015 - regulation 13](#) requires that all authorities publish on their website for at least 5 (five) years: the statement of

accounts, any certificate of the auditor, and the annual governance statement. This has been met.

- The Council meets the publication requirements for the [Transparency Code for Smaller Authorities 2015](#)
- Part of the model publication scheme is available on the website. Additional requirements and guidance together with the latest ICO version is available at [SLCC | FOI: What Parish, Town, and Community Councils Need to do in 2026](#).

**M. In the year covered by the AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2025-26 AGAR period, were public rights in relation to the 2024-25 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set?)**

- 2024-25 Electors' Rights notice is on the website allowing for 30 working days review and including the first 10 working days in July. (11<sup>th</sup> June – 22<sup>nd</sup> July 2025). These dates were approved at the 9<sup>th</sup> of June 2025 meeting.
- The announcement date of 10<sup>th</sup> June 2025 was before the commencement date as required.

**N. The authority has complied with the publication requirements for 2024/25 AGAR (see AGAR page 1 Guidance Notes)**

- The Council published the Annual Governance Statement, Accounting Statements, Exemption certificate and other required documentation on its website.

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

- E-mail management – the parish council has a dedicated generic email account hosted on the PC's domain.
- All websites must meet the [Web Content Accessibility Guidelines 2.2 AA and the Public Sector Bodies \(Websites and Mobile Applications\) \(No. 2\) Accessibility Regulations 2018](#) (where applicable). The website accessibility statement currently states WCAG **2.1AA**. It also has not been reviewed since May 2024 – an annual review is the minimum requirement.
- The Parish Council follows both the [General Data Protection Regulation \(GDPR\) 2016](#) and the [Data Protection Act \(DPA\) 2018](#). A data audit has been conducted.
- The Council is registered with the [Information Commissioner's Office \(ICO\)](#) as a Data Processor as required. The ICO publication scheme has been adopted, however it is incomplete. Guidance and the latest ICO version is available at [SLCC | FOI: What Parish, Town, and Community Councils Need to do in 2026](#).
- The Parish Council adopted an IT policy on 8<sup>th</sup> December 2025.

**P. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.**

- Not applicable – not a trustee.

**Other matters not covered above:**

- I would recommend that the Council reviews the 2026 edition of Practitioners' Guide, as it contains new requirements and guidance which will affect the 2026/27 audit, in particular relating to 'Digital & Data Compliance', and the requirement for an IT policy. A summary of the changes and the guide itself can be viewed at [Practitioners' Guide 2026](#).
- The dates shown in the titles of the May, June & July 2025 minutes, published online, all reference 2024. I would recommend that some sort of disclaimer is annotated.
- Acceptances of office signings should always be minuted, even for co-options (See April co-option) A copy of the relevant signed acceptance of office has been viewed.
- This is now the 4th year that I have conducted the Internal Audit for Hoath PC. I would recommend that you review your Internal Audit provision and obtain quotes from 3 providers in the same way that you would every 3 years for any other contract.

This report should be submitted along with the Annual Internal Audit Report 2025/26 to the full council for review and consideration, prior to completing the Annual Governance Statement. If you have any questions, please do not hesitate to ask.

*Deborah O'Brien CILCA PIALC*

24 April 2026