

Report to Hacheston 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 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 and internal financial control.

1.2 By examination of the 2025/26 accounts and supporting documentation it was confirmed that the Clerk, in the role of 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 prepared for the year 2025/26 confirm the following:

Total Receipts for the year: £19,934.53
Total Payments in the year: £13,721.04
Total Reserves at year-end: £33,176.18

1.4 The Annual Governance and Accountability Return (AGAR) 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):

<i>Balances at beginning of year (1 April 2025):</i>	<i>Box 1:</i> £26,963
<i>Annual Precept 2025/26:</i>	<i>Box 2:</i> £10,040
<i>Total Other Receipts:</i>	<i>Box 3:</i> £9,894
<i>Staff Costs:</i>	<i>Box 4:</i> £5,371
<i>Loan interest/capital repayments:</i>	<i>Box 5:</i> £0
<i>All Other payments:</i>	<i>Box 6:</i> £8,350
<i>Balances carried forward (31 March 2026):</i>	<i>Box 7:</i> £33,176
<i>Total cash/short-term investments:</i>	<i>Box 8:</i> £33,176
<i>Total fixed assets:</i>	<i>Box 9:</i> £14,637
<i>Total borrowings:</i>	<i>Box 10:</i> £0

1.5 Sections 1 and 2 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.

1.6 The following Internal Audit work was carried out on the adequacy of systems of internal control. Comments and the 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 21 May 2025. The first item of business was the Election of Chair, in accordance with the requirements of the Local Government Act 1972.

2.2 The Council has a **Responsible Financial Officer** (RFO) in post, Lydia Kindred having been appointed as Clerk/RFO at the Council's Extraordinary meeting on 31 October 2022 and confirmed as RFO and Webmaster at the meeting on 21 May 2025, when the Council's Examining Councillor and Council Representatives to outside bodies were also appointed. The meeting also nominated bank mandates and reviewed and agreed Bank Standing Orders and Direct Debits.

2.3 The Council's **Minutes** are well presented and provide clear evidence of the decisions taken by the Council. The Council demonstrates good practice by publishing draft Minutes (prior to formal approval by the Council) to keep residents advised of Parish Council business. Each page of the Minutes is numbered consecutively and is signed/initialled by the person acting as Chair of the meeting at which the Minutes are approved to secure a legal and authentic record.

2.4 **Standing Orders** are in place. They were reviewed and agreed at the meeting of the Council on 21 May 2025 and are based on the latest model Standing Orders published by the National Association of Local Councils (NALC). A copy has been published on the Council's website.

2.5 **Financial Regulations** are similarly in place, the Council having adopted the latest Model NALC Financial Regulations at its meeting on 21 May 2025. A copy has been published on the Council's website.

2.6 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 ZA428414 refers, expiring 4 July 2026). The Council has a Data Protection Policy in place and this was reviewed and approved at the meeting on 21 May 2025 to assist compliance with the General Data Protection Regulations (GDPR).

2.7 At its meeting on 22 May 2024 the Council also adopted a Publication Scheme to assist compliance with the Freedom of Information legislation.

2.8 At its meeting on 21 May 2025 the Council reviewed and re-adopted the Suffolk Local **Code of Conduct for Councillors**. (The Council had previously considered both the Local Government Associations' Model Code of Conduct and the Suffolk Code of Conduct and had agreed to re-adopt the Suffolk Code of Conduct).

2.9 A new **Assertion 10: Digital and Data Compliance** forms part of the Annual Governance Statement (AGS) in the 2025/26 AGAR and requires councils to use a

council-owned domain for email and to operate an accessible website and have an IT Policy in place. The Assertion 10 also explicitly requires parish and town councils to comply with the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018 and process personal data lawfully, fairly, and in line with UK GDPR principles.

2.10 At the meeting on 21 May 2025 the Clerk/RFO reminded Councillors of the need to password-protect any device that includes Council documents and to periodically delete emails with personal data in them that are no longer needed. Councillors were also encouraged to use the gov.uk Councillor email addresses that have been provided by the Council. The Clerk/RFO confirmed to the meeting that the Website Accessibility Policy used by the Council is Suffolk Cloud's standard policy which is WCAG 2.2 compliant.

2.11 The Clerk/RFO reported to Council on 16 July 2025 that she had attended briefings on the Assertion 10 which requires councils to confirm good digital and data practices; that the council had moved to a gov.uk web domain and was moving to gov.uk email addresses. The Council agreed to engage the services of Breakthrough Communications to advise and lead on the new Assertion 10 requirements.

2.12 On 2 September 2025 the Clerk/RFO reported to Council further on Assertion 10 and its implications for the Council. A website accessibility review by Suffolk Cloud reported that the Council scored 9.5/10, indicating a high level of compliance in terms of the website. The Council noted on 18 March 2026 that resources from Breakthrough Communications would be available for ongoing use without an annual charge and that such resources may prove useful following the Internal Auditor's Report, should further action be required in relation to Assertion 10.

2.13 The SAPPP Practitioners' Guide provides the following instruction regarding Proper Practices to be applied regarding Assertion 10 - Digital and data compliance, at item 1.47 et seq:

'To warrant a positive response to this assertion, the authority needs to have taken the following actions:

- a) *Email management - Every authority must have a generic email account hosted on an authority owned domain, for example clerk@abcparishcouncil.gov.uk or clerk@abcparishcouncil.org.uk.*
- b) *All smaller authorities (excluding parish meetings) must meet legal requirements for all existing websites regardless of what domain is being used.*
- c) *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).*
- d) *All websites must include published documentation as specified in the Freedom of Information Act 2000 and the Transparency code for smaller authorities (where applicable).*

- e) *All smaller authorities, including parish meetings, must follow both the General Data Protection Regulation (GDPR) 2016 and the Data Protection Act (DPA) 2018.*
- f) *All smaller authorities, including parish meetings, must process personal data with care and in line with the principles of data protection.*
- g) *The DPA 2018 supplements the GDPR and classifies an authority as both a Data Controller and a Data Processor.*
- h) *All smaller authorities (excluding parish meetings) must also have an IT policy. This explains how everyone - clerks, members and other staff - should conduct authority business in a secure and legal way when using IT equipment and software. This relates to the use of authority-owned and personal equipment.'*

The Council is unable to provide positive affirmation to Assertion 10 for the year 2025/26 as it did not have an IT Policy in place during the year and accordingly did not fully comply with Proper Practices.

Recommendation 1: The Council should adopt a suitable IT Policy to comply with Proper Practices as soon as practicably possible. (The Clerk/RFO has confirmed to the Internal Auditor that this issue will be addressed for 2026/27 as an IT Policy is being prepared for Council's approval and adoption at the Council's AGM in May 2026).

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** is well referenced and facilitates an audit trail to the paid invoices/vouchers and Bank Statements. The Spreadsheet was found to be in good order and provides detailed evidence in support of the receipts and payments in the year. A sample of supporting vouchers, invoices and receipts was examined and found to be in order.

3.2 Payments made under the **Local Government Act 1972 Section 137** in the year of account are separately identified in the Cashbook and the End-of-Year Accounts. A total amount of £2,681.01 has been listed as being paid under Section 137 in the year 2023/24. However, the donation of £100 made on 19 November 2025 to the Citizens Advice Bureau, as an advisory organisation, can be made under Section 142 of the Act without having to resort to Section 137.

3.3 The **Community Infrastructure Levy (CIL)** Fund Annual Report for the year 2024/25 was approved by the Council on 21 May 2025.

3.4 The Clerk/RFO has constructed a CIL Fund Annual Report for the year 2025/26. The Report displays a balance of £23,793.63 brought forward from previous years with £0 Receipts in the year and £1,958.20 was spent as follows:

Communal Solar Panel Battery:	£1,500.00
Communal Bench:	£433.20
Bench plaque:	£25.00

Accordingly, a year-end balance of £21,835.43 was being retained at the year-end.

3.5 Re-claims to HMRC for VAT paid were as follows:

- a) The re-claim for £1,741.59 VAT paid in the period 1 February 2024 to 31 March 2025 was submitted to HMRC on 2 April 2025, received at bank on 7 April 2025 and reported to Council at its meeting on 21 May 2025.
- b) The re-claim for £329.96 VAT paid in the period 1 April 2025 to 28 February 2026 was submitted to HMRC on 20 March 2026 and was received at bank on 25 March 2026.

3.6 An Analysis 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 publication on the Council's website.

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

4.1 The Clerk/RFO presents bank balances and completed bank reconciliations to meetings of the Council on a routine basis. The Council has in place a **Councillor Examining Officer**, who reviews and signs off the bank statements and bank reconciliation presented to Council meetings. In the absence of the Councillor Examining Officer, another Councillor is nominated to sign off the documents.

4.2 Funds held in Barclays Bank are covered by the Financial Services Compensation Scheme (FSCS) deposit protection up to the amount of £120,000. The CCLA Public Sector Deposit Fund is not covered by the FSCS protection as it is a money market fund and considered an investment, not a bank account.

4.3 At the year-end 31 March 2026 the bank statements for the Barclays Bank Community Account (£667.48), the Barclays Bank Business Premium Account (£5,295.45) and the CCLA Account (£27,213.25) totalled £33,176.18 and reconciled with the End-of-Year Accounts and agreed with the overall Bank Reconciliation.

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 for the 2025/26 year are prepared on a Receipts and Payments basis and, following some minor corrections, were found to be in good order. Sample audit trails were undertaken and all 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 Statement of Internal Control was considered and adopted by the Council at its meeting on 21 May 2025 (Minute 11a refers). The Council considered the Statement effective and fit for purpose.

6.2 At the meeting on 21 May 2025 the Council considered and adopted the Financial Risk Assessment following one addition regarding the CCLA investment not being protected by the Financial Services Compensation Scheme (Minute 12f refers).

6.3 The Physical Assets Risk Assessment was also reviewed and approved at the meeting on 21 May 2025 (Minute 12e refers). Similarly, the Speed Indicator Device Risk Assessment was adopted at the meeting on 16 July 2026.

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

6.5 **Insurance** was in place for the year of account. The insurance cover was considered by the Council on 17 September 2025 and considered fit for the Council's needs. The current Policy is provided by Ansvar Insurance at a cost of £508.40 and runs from 1 October 2025 to 30 September 2026.

6.6 The insurance policy includes cover for Public Liability and Employer's Liability (£10m. cover for each). The Fidelity Guarantee (Fraud and Dishonesty) cover stands at £50,000, 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 (i.e. to ensure that the Fidelity Guarantee insurance is adequate to cover the most likely maximum sum held by the Council at any one time).

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

Precept 2025/26: £10,040 (29 January 2025, Minute 8 refers).

Precept 2026/27: £12,000 (21 January 2026, Minute 13 refers)

7.1 The Council received a detailed **Budget for the year 2025/26** at its meeting on 29 January 2025, when a Precept of £10,040 for that year was agreed.

7.2 Detailed financial reports were provided by the Clerk/RFO to meetings of the Council, including the financial accounts to the end of the month ended prior to the date of the meeting.

7.3 Councillors receive regular reports of the income and expenditure in the year compared against the budget. At the meetings on 16 July 2025 and 17 September

2025 the Council noted that the year-to-date accounts were in accordance with the 2025/26 budget. The Council noted on 19 November 2025 that administration costs were higher than budgeted due to additional costs associated with the new Assertion 10 obligations (professional services and the website accessibility review).

7.4 At the meeting on 21 January 2026 the Council received the Year-End projections for 2025/26. Councillors accordingly received sufficient information and data to make informed decisions and, specifically, were in a position to identify any significant variations from budget and determine any remedial action to be taken by the Council as necessary.

7.5 The Council received a detailed **Budget for the year 2026/27** at its meeting on 21 January 2026. The Council agreed that the precept would need to increase or general reserves would fall below recommended levels. It was agreed to request a precept of £12,000, equating to £64.12 per annum for a Band D property.

7.6 The **Overall Reserves** at the year-end 31 March 2026 totalled £33,176.18 and the Clerk/RFO has advised the Internal Auditor that this consisted of:

CIL balance Restricted Reserve:	£21,835.43
General Reserve:	£11,340.75

7.7 The General Reserve balance of £11,340.75 (94.5% or 11 months equivalent of the 2026/27 Precept) is within the generally accepted position that non-earmarked revenue reserves should usually be between three and twelve months of Net Revenue Expenditure/Precept (the SAPPP Proper Practices Guide, Item 5.34 refers).

7.8 As at the 31 March 2026 the Council maintained sufficient reserves and contingency sums to meet, within reason, any unforeseen items of expense that may occur.

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

8.1 Receipts are being reported to the Council and listed in the Minutes of Council meetings. The Receipts of £19,934.53 recorded in the Cashbook Spreadsheet consisted of Precept (£10,040), Grant received (£6,700), VAT repaid from HMRC (£2,071.55) and Interest Received (£1,122.98).

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

9.1 No Petty Cash is held; 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 The Council's Payroll Services were carried out by the Suffolk Association of Local Councils (SALC) during the year 2025/26 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. A P60 End of Year Certificate for the Clerk/RFO was presented to the Internal Auditor.

10.2 Lydia Kindred was formally appointed by the Council at the meeting held on 31 October 2022. At the Council's meeting on 23 November 2022 Mrs Kirk signed two copies of her Contract of Employment (to take effect from 1 November 2022).

10.3 At the meeting held on 25 September 2024 the Clerk advised that she would be asking SALC to reduce her weekly hours for Hacheston Parish Council by an hour as the workload had decreased and she was spending less time on the Parish Council.

10.4 Whilst national pay awards would be applied, the Council noted at the meeting on 16 May 2023 that the Clerk/RFO's pay Scale Point (SCP) would remain the same until she has been in office for one year. Similarly, at the meeting on 22 May 2024 the Council agreed that the Clerk/RFO's Scale Point would remain the same until November 2024 when she will have completed another year's service.

10.5 At the meeting on 21 May 2025 the Council agreed that as from 1 April 2025 the Clerk/RFO would revert back to her contracted weekly hours. One Scale Point salary increase was also approved in recognition of a further year's service. It was also noted by the Council that the Clerk/RFO had now reached the top of her scale banding.

10.6 At its meeting on 17 September 2025 the Council noted the National Pay Award 2025/26 for local government officers had been agreed by the NJC and NALC and, as per the Clerk/RFO's terms of contract, would be backdated to 1 April 2025. As at 31 March 2026 the Clerk/RFO was being paid at SCP 23 for 6 paid hours per week.

10.7 With regard to the legislation relating to workplace pensions, on 16 July 2025 the Clerk/RFO reported to the Council on the re-enrolment obligations under the Pensions Act 2008 and confirmed that all necessary steps would be completed within the required timeframes. The Clerk/RFO confirmed to the Council on 19 November 2025 that the Pensions Regulator's re-enrolment declaration had been completed. (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 An **Asset Register** is in place and was reviewed by the Council at the meeting held on 21 May 2025 with no amendments made. It is good financial practice for the Asset Register to be presented to the Council each financial year to confirm and approve the entries in the Register.

11.2 At the meeting on 21 January 2026 the Council considered the car bequeathed to the Parish Council. There was no interest from residents in purchasing the vehicle and accordingly the vehicle was sold to a dealer for £5,750, having sought comparative prices online. The car was noted on the Council's Asset Register and marked as disposed of in January 2026.

11.3 As at 31 March 2026 the Asset Register displayed a total value of £14,637, an increase of £894 from the value of £13,743 at the end of the previous year, 31 March 2025, reflecting the addition of a Rabbit Run (£104) and Hedgehog Pods (£790).

11.4 The Register complies with the current requirements which provide that each asset should be recorded at a consistent value, year-on-year. The Register records the original purchase cost (or a proxy cost where the original cost is not known).

11.5 The value of the Assets has been correctly placed in Box 9 of Section 2 of the 2025/26 AGAR.

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 Clerk/RFO provides financial reports to the Council including balances held at bank. Receipts and Payments are listed in the Minutes of the Council's meetings as part of the overall framework of financial control currently operating at the Council.

12.2 On-line banking is in place. On-line payments are being managed by two nominated Councillors and the Clerk/RFO has view-only access, in accordance with the arrangements agreed by the Council at the meeting on 23 November 2022.

12.3 Paid invoices/vouchers are being initialled by Signatories. An individual payment reference is notated to each invoice/voucher to secure an audit trail to the payments listed in the Cashbook.

12.4 The Council noted on 16 July 2025 that three payments intended for SALC was mistakenly made to SLCC and that the Clerk/RFO had requested a refund from SLCC and would refer to SALC as the 'Suffolk Association of Local Councils' in future payment references to help Councillors identify the correct payee more easily when setting up payments.

12.5 The **Internal Audit report for the previous year (2024/25)** was dated 27 April 2025. The report was received and the recommendations agreed by the Council at its meeting on 21 May 2025.

12.6 The Internal Auditor for the year 2025/26 was formally appointed by the Council at its meeting on 21 May 2025.

13. External Audit (*Declaration of Exemption completed or recommendations put forward/comments made by External Audit following the annual review*).

13.1 An External Audit was not required to be undertaken in respect of the year 2024/25. As the higher of gross income or gross expenditure did not exceed £25,000 in the year of account ending 31 March 2025, the Council was able to certify itself exempt from a Limited Assurance Review under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015. At its meeting on 21 May 2025 the Council accordingly prepared a Certificate of Exemption from a Limited Assurance Review for the year 2024/25 for submission within the due date to PKF Littlejohn LLP.

13.2 For the year 2025/26, as the higher of gross income or gross expenditure did not exceed £25,000 in the year of account ending 31 March 2026, the Council is able to certify itself exempt from a Limited Assurance Review under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015. The Council can accordingly prepare a Certificate of Exemption from a Limited Assurance Review for the year 2025/26, for submission within the due date to PKF Littlejohn LLP.

14. Publication of Documents and Transparency Code (*Compliance for smaller councils with income/ expenditure under £25,000*).

14.1 Under the provisions of the Transparency Code, Hacheston Parish Council can be designated as a 'Smaller Council'.

14.2 The Council's website is: <https://hacheston-pc.gov.uk/>

14.3 Smaller Councils should publish on their website:

- a) **All items of expenditure above £100.** Payments included within published Minutes of Council meetings.
- b) **Annual Governance Statement: 2024/25 AGAR Annual Return Section One.** Published on website.
- c) **End-of-Year accounts: 2024/25 AGAR Annual Return, Section Two.** Published on website.
- d) **Annual Internal Audit report: 2024/25 within AGAR Annual Return.** Published on website.
- e) **List of councillor or member responsibilities.** Published on website.
- f) **The details of public land and building assets (Asset Register).** Published on website.

- g) **Minutes, agendas and meeting papers of formal meetings.** Published on website.

14.4 The Council is in compliance with the Transparency Code.

14.5 The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 required the Council to publish a 'Notice of Public Rights and Publication of Annual Governance and Accountability Return (Exempt Authority)' on a publicly accessible website. The Internal Auditor was able to confirm that the document for the year 2024/25 was readily accessible on the Council's website and displayed the Date of Announcement, Dates of Inspection, Details of Person to contact to view the accounts and the Details of the person making the announcement.

14.6 The remaining documents required to be published, as listed in the AGAR Page 1 Guidance Notes (including Certificate of Exemption, bank reconciliation and analysis of variances) were confirmed as easily accessible on the Council's website.

15. Additional Comments.

15.1 I would like to record my appreciation to the Council's Clerk/RFO, Mrs Lydia Kindred, for her assistance with the Internal Audit work undertaken.

Trevor Brown

Trevor Brown

Chartered Institute of Public Finance and Accountancy

Internal Auditor

19 April 2026