Report to Homersfield 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 maintained effective governance arrangements including robust systems 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 an efficient framework 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 as the Council's RFO, satisfactorily undertook the administration of the Council's financial affairs and produced satisfactory 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: £18,266.47
Total Payments in the year: £5,129.81
Total Reserves at year-end: £18,507.61

1.4 The following figures were agreed with the Clerk/RFO for inclusion in the AGAR Section 2 Accounting Statements 2025/26 (rounded for purposes of the Return):

Balances at beginning of year (1 April 2025):	*Box 1: £5,371*
Annual Precept 2025/26:	*Box 2: £7,000*
Total Other Receipts:	*Box 3: £11,266*
Staff Costs:	*Box 4: £2,801*
Loan interest/principal repayments:	*Box 5: nil*
All Other payments:	*Box 6: £2,328*
Balances carried forward (31 March 2026):	*Box 7: £18,508*
Total cash/short-term investments:	*Box 8: £18,508*
Total fixed assets:	*Box 9: £8,934*
Total borrowings:	*Box 10: nil*

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.

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

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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 took place on 6 May 2025. The first item of business was the Election of a Chairman, as required by the Local Government Act 1972.

2.2 Standing Orders are in place and reflect the model document published by the National Association of Local Councils (NALC). The Standing Orders were reviewed and re-adopted by the Council at its meeting on 17 March 2026.

2.3 Financial Regulations are in place. The Regulations were also reviewed by the Council at the meeting held on 17 March 2026 and reflect the model publication by NALC.

2.4 The Council has a Responsible Financial Officer (RFO) in place, Mrs Sally Chapman having been appointed by the Council at its meeting on 1 March 2021.

2.5 The Minutes of the Council 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. The Clerk/RFO confirmed to the Internal Auditor that each page of the Minutes is signed/initialled by the person acting as Chair of the meeting at which the Minutes are approved.

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 (Registration ZA115530, expiring 31 May 2026 refers). To assist compliance with the General Data Protection Regulations (GDPR), at the meeting on 17 March 2026 the Council reviewed and adopted a GDPR Policy, Privacy Notice & Data Information Audit. A new IT Policy was also considered and adopted. A copy of each has been published on the Council's website.

2.7 Similarly, in response to the Freedom of Information requirements, a Freedom of Information Policy and Publication Scheme was reviewed and agreed by the Council at the meeting on 17 March 2026. The document has been published on the Council's website.

2.8 The Council demonstrates good practice by adopting and maintaining other formal policies and procedures, including a Biodiversity Policy, Chainsaw and Strimmer Policy, Church Wood Policy, Financial Reserves Policy, Health and Safety Code of Practice Policy, IT Policy, Online Banking Policy, Planning Applications Policy and Scheme of Delegation Policy, all of which were reviewed and adopted by the Council at its meeting on 17 March 2026 and are published on the Council's website.

2.9 The Council also demonstrates good governance practice by periodically reviewing and re-adopting the Councillors' Code of Conduct, which details the requirements and responsibilities placed upon each individual Councillor. The

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Council reviewed and re-adopted the LGA Code of Conduct at a meeting held on 17 March 2026. A copy of the Code has been published on the Council's website.

2.10 The Annual Governance Statement (AGS) in the 2025/26 AGAR includes a new Assertion 10 covering digital and data compliance including requirements relating to email management and website accessibility. Key requirements in enabling a positive response to Assertion 10 includes:

• Maintaining a generic email account on a council owned domain.
• Adoption of an IT Policy, covering IT equipment and data for authority business.
• Data Protection Policy in place to cover data handling and sharing.
• Appropriate technical and organisational measures in place to protect personal data (such as a Data and Electronic Retention Policy to provide for the storage of personal data).
• Control measures in place to ensure compliance with Data Protection Legislation (GDPR): (the Council's appointed Data Protection Officer can undertake data impact assessments to analyse, record and review the control measures in place).
• Compliance with current website accessibility regulations.

The Clerk/RFO has confirmed that the above requirements have been met to enable affirmation to Assertion 10 in the AGS and has completed a Data Protection Review Checklist to evidence that the Council has reviewed how it collects, processes, stores and disposes of personal data in accordance with the current data protection legislation.

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 provides an audit trail to the Bank Statements and on-line payments and the financial information prepared by the Clerk/RFO. The document provided good evidence in support of the receipts and payments in the year.

3.2. A sample of the 2025/26 transactions was reviewed and found to be in order.

3.3 Payments made under the Local Government Act 1972 Section 137 are separately identified in the Cashbook Spreadsheet and the Receipts and Payments Account.

3.4 A Community Infrastructure Levy (CIL) Account was not held by the Council at as 31 March 2026.

3.5 VAT is separately identified in the Cashbook Spreadsheet to assist future re-claims to HMRC. The re-claim of £556.59 VAT paid in the period 1 April 2024 to 31 March 2025 was recorded as received from HMRC on 7 April 2025 and reported to Council at its meeting on 6 May 2025.

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

4.1 The Unity Trust Bank Current Account (£223.89) and the Unity Trust Bank Business Savings Account (£18,283.72) bank statements (both dated 31 March 2026 and totalling £18,507.61)) 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 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 reviewed and re-adopted the Internal Control Statement at its meeting on 17 March 2026 (Minute 7m refers). The Statement outlines the scope of the Council's responsibility and the key elements in place to meet the requirements.

6.2 Similarly, the Council's General Risk Assessment document was considered and adopted by the Council on 17 March 2026 (Minute 7p refers). The document provides an analysis of both financial and non-financial risks faced by the Council and the control measures in place to mitigate the risks identified. The Council also considered and adopted the Wood Working Risk Assessment and the Chainsaw & Strimmer Policy (Minutes 7s and 7c refer).

6.3 The Council accordingly complied with Regulation 4 of the Accounts and Audit Regulations 2015 which requires 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.

6.4 Insurance was in place for the year of account. The Council resolved on 16 September 2025 to accept the Insurance quotation from Zurich Insurance at a cost of £241 for the 2025/26 year. The current cover runs from 5 October 2025 to 4 October 2026. The Employer's Liability cover is £10m and Public Liability cover each stand at £12m. The Fidelity Guarantee (Councillor/Employee Dishonesty) cover stands at £250,000 (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).

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7. Transparency Code (Compliance for smaller councils with income/ expenditure under £25,000).

7.1 Homersfield Parish Council is designated as a 'Smaller Council'. The Council's website is: *https://homersfield-pc.gov.uk*

7.2 Smaller authorities should publish on their website:

a) **All items of expenditure above £100:**
Published – Payments included within Minutes of Council meetings.

b) **Annual Governance Statement, AGAR Annual Return, Section One:**
(2024/25) – Published on website.

c) **End of year accounts, AGAR Annual Return, Section Two:**
(2024/25) – Published on website.

d) **Annual Internal Audit report within the AGAR Annual Return:**
(2024/25) – Published on website.

e) **List of councillor or member responsibilities:**
Published on website.

f) **Details of public land and building assets (Asset Register):**
Published on website.

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

7.3 The Council is currently meeting the requirements of the Transparency Code.

7.4 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.

7.5 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.

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

Precept 2025/26: £7,000 (19 November 2024, Minute 4d refers).

Precept 2026/27: £7,300 (I8 November 2024, Minute 5e refers).

8.1 The Budget and Precept for the year 2025/26 was considered, approved and adopted by the Council at its meeting on 19 November 2024.

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8.2 Similarly, the Budget for the year 2026/27 and a Precept of £7,300 were considered and agreed by the Council at its meeting on 18 November 2025.

8.3 The Precepts were agreed in Full Council and the Precept decision and amount have been clearly Minuted. Budget papers are sufficiently detailed to ensure that Councillors have sufficient information to make informed decisions.

8.4 Good budgetary procedures are in place. Examination of the accounts and supporting documentation confirmed that the Council prepared detailed estimates of the annual budget and of receipts and payments.

8.5 The estimates for 2025/26 were used effectively for financial control and budgetary control purposes with detailed budgetary position statements (budget reports) being presented to meetings of the Council.

8.6 The Clerk/RFO ensures the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves.

8.7 The Overall Reserves available to the Council at the year-end 31 March 2026 totalled £18,507.61, of which £15,007.61 has been earmarked as follows:

Election Reserve:	£555.12
Equipment:	£300.00
Church Wood:	£3,951.87
Phone Box:	£129.80
Play Area Support Fund:	£10,000.00
ESC Grant – Bus Shelter:	£70.82

8.8 The General Reserves of £3,500 (the Overall Reserves less the Earmarked Reserves) were 48% or 5.7 months equivalent of the 2026/27 Precept and accordingly were in line with the generally accepted position that non-earmarked revenue reserves held should usually be between three and twelve months of net expenditure/Precept. As at the 31 March 2026 the Council maintained sufficient reserves and contingency sums to meet, within reason, any unforeseen items of expense.

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

9.1 The Receipts in the year (totalling £18,266.47) consisted of Precept (£7,000), Play Area Sale (£10,000), VAT Re-claim (£556.59), Grants (£335) and Bank Interest (£374.88).

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

10.1 No Petty Cash is held; an expenses system is in place with on-line payments made for expenses incurred.

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

11.1 The Council is operating Payroll Services in-house in accordance with HMRC requirements. The P60 End of Year Return 2025/26 for the Clerk/RFO was presented to the Internal Auditor.

11.2 A Contract of Employment dated 1 March 2021 is in place for the Clerk/RFO. The Contract provides details of the conditions of service including hours of work and salary to be paid. At its meeting on 5 July 2021, the Council confirmed the Clerk/RFO's Employment (End of Probation Period) and agreed to the permanent employment of Mrs Chapman as Clerk to Homersfield Parish Council.

11.3 At the meeting on 16 September 2025 the Council noted the Clerk/RFO's Salary Award under the NJC national agreement, backdated to 1 April 2025.

11.4 With regard to the requirements under the Workplace Pensions legislation, the Pensions Regulator confirmed that the necessary re-declaration of compliance under the Pensions Act 2008 was completed by the Council on 27 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).

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

12.1 An Asset Register is in place. The Asset Register was updated and adopted by the Council at its meeting on 17 March 2026.

12.2 As at 31 March 2026 the Register shows a total valuation of £8,934 an increase of £695 over the value of £8,239 at the end of the previous year, primarily reflecting the addition of an Information Board and a Grit Bin in the year.

12.3 The Register complies with the current requirements which provide that each asset should be recorded at a consistent valuation, year-on-year. Assets are displayed at replacement value or at purchase price or community value as a proxy cost. The value of £8,934 as at 31 March 2026 has been placed in Box 9 of Section 2 of the AGAR.

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13. 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).*

13.1 The Council has satisfactory 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.

13.2 A schedule of proposed payments and income received is presented to each Council meeting and listed in the Minutes as part of the Council's overall financial control framework in accordance with Financial Regulation (FR) 6.10 which provides that *'A detailed list of all payments shall be disclosed within or as an attachment to the minutes of that meeting.'*

13.3 FR 7.1 provides that *'the RFO shall be appointed as the Service Administrator. The bank mandate agreed by the council shall identify councillors who will be authorised to approve transactions on those accounts and a minimum of two people will be involved in any online approval process.'*

13.4 FR 7.4 et seq. provides that *'The Service Administrator (Clerk/RFO) shall set up all items due for payment online. A list of payments for approval, together with copies of the relevant invoices, shall be sent by email to the authorised signatories. In the prolonged absence of the Service Administrator an authorised signatory shall set up any payments due before the return of the Service Administrator.'*

'Two councillors who are authorised signatories shall check the payment details against the invoices before approving each payment using the online banking system.'

'Evidence shall be retained showing which members approved the payment online and a printout of the transaction confirming that the payment has been made shall be appended to the invoice for audit purposes.'

'A full list of all payments made shall be provided to the next council meeting and appended to the minutes.'

13.5 The Clerk/RFO confirmed that the above Financial Regulations are being met.

13.6 The Internal Audit Report for the previous year (2024/25) was completed by Mr Peter Strange and was received by the Council at its meeting on 6 May 2025, when the recommendations put forward were considered by the Council.

13.7 The Internal Auditor for the 2025/26 year was requested to undertake a review due to the Council's previously appointed Internal Auditor being unavailable to undertake the work.

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14. Sole Trustee (*To confirm that the Council has met its responsibilities as a trustee, if appropriate).*

14.1 The Council is not currently recorded as a Sole Trustee (The Council has ticked 'not applicable' to the box in the Annual Governance Statements regarding any responsibilities as a Sole Trustee).

15. External Audit *(Recommendations put forward/comments made following the annual review).*

15.1 An External Audit was not required in the year 2024/25 and the Council completed the Certificate of Exemption from a Limited Assurance Review for that year at its meeting on 6 May 2025. A copy of the Certificate has been published on the Council's website.

15.2 Similarly, 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.

16. Additional Comments.

16.1 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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Internal Auditor

13 April 2026

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