

Report to Hoxne 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. 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 2025/26 End-of-Year Accounts have been satisfactorily prepared and presented.

1.2 By examination of the Accounts and supporting documentation it was confirmed that the Clerks in post in the year, in the role of the Council's Responsible Financial Officer (RFO), satisfactorily undertook the administration of the Council's financial affairs and provided 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: £35,146.34
Total Payments in the year: £38,252.36
Total Reserves at year-end: £14,948.13

1.4 The Annual Governance and Accountability Return (AGAR Part 3) was examined and the following figures agreed with the Clerk/RFO for inclusion in Section 2 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2025):</i>	<i>Box 1: £18,054</i>
<i>Annual Precept 2025/26:</i>	<i>Box 2: £23,160</i>
<i>Total Other Receipts:</i>	<i>Box 3: £11,986</i>
<i>Staff Costs:</i>	<i>Box 4: £13,757</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £24,495</i>
<i>Balances carried forward (31 March 2026):</i>	<i>Box 7: £14,948</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £14,948</i>
<i>Total fixed assets:</i>	<i>Box 9: £73,074</i>
<i>Total borrowings:</i>	<i>Box 10: £0</i>

1.5 Sections One and Two of the AGAR are due to be approved by the Council at a forthcoming meeting. 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.

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 8 May 2025. The first item of business was the Election of a Chair, as required by the Local Government Act 1972.

2.2 The Council formally re-appointed Sarah Foote as the Council's RFO at its meeting on 8 May 2025. The Council also appointed bank signatories and nominated Councillors to act as the Council's Representatives. Memberships of Working Groups and the Planning Committee were also agreed.

2.3 At the meeting on 3 July 2025 the Council confirmed the appointment of Ginny O'Hegarty as the new Parish Clerk/RFO from 1 August 2025. The incumbent Clerk/RFO would work with the new Clerk until the end of August 2025. At the meeting on 7 August 2025 the Council noted that Ginny O'Hegarty had joined as a new Clerk as of 1 August 2025 and a handover from Sarah Foote was taking place.

2.4 **Standing Orders** are in place and were reviewed and adopted by the Council at its meeting on 4 September 2025. They are based on the latest Model Standing Orders issued by the National Association of Local Councils (NALC). A copy has been published on the Council's web site.

2.5 **Financial Regulations** are in place and were reviewed and adopted by the Council at its meeting on 2 October 2025. They are based on the latest Model Financial Regulations published by NALC. A copy has been published on the Council's web site.

2.6 The Council's **Minutes** are well presented and provide clear evidence of the decisions taken by the Council in the year. The Clerk/RFO confirmed that Minutes are consecutively numbered and each page is signed/initialled by the Chair of the meeting approving the Minutes to secure a legal and authentic record.

2.7 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 ZA045191 refers, ending 6 April 2027). The current Clerk/RFO has advised the ICO of the change of the Council's contact address.

2.8 To assist meet the requirements of the General Data Protection Regulations (GDPR), at its meeting on 2 April 2026 the Council adopted the Data and Electronic Data Retention Policy, Subject Access Request and the Lawful Basis for Processing Data and a Privacy Notice.

2.9 The Council adopted the Freedom of Information Act Publication Scheme at its meeting on 2 April 2026 to assist compliance with Freedom of Information legislation.

2.10 The Council has a number of other formal **Policies, Procedures and Protocols** in place including the Grant Awarding Policy, a Freedom of Information Act Publication Scheme, Public Participation Protocol, the Low Street Green Hire Policy, Internet Banking Policy and an Information Technology (IT) Policy.

2.11 At the meeting on 5 March 2026 the Council adopted an IT Policy. Similarly, on 2 April 2026 approved and adopted the Filming and Recording at Meetings Policy, Grant Awarding Policy, Low Street Green Hire Policy, Public Participation Protocol and a Reserves Policy.

2.12 The Local Government Association (LGA) Model **Code of Conduct for Councillors** was adopted by the Council at the meeting on 5 March 2026. The Code details the requirements and responsibilities placed upon each individual Councillor.

2.13 At the meeting on 6 November 2025 the Council considered the actions required to comply with the new Assertion 10 included in the Annual Governance Statement (AGS) within the 2025/26 AGAR. The SAPPP Practitioners' Guide states that to be fully compliant with Assertion 10 a local council must:

a) **Use a council-owned domain** (This is being met as the Council has registered under an official .gov.uk domain name of hoxneparishcouncil.gov.uk).

b) **Operate at least one generic email account on the council owned domain** (The Clerk/RFO and Councillors maintain such email accounts. The Clerk/RFO confirmed that all Councillors have set up separate email addresses for Council business and no longer use their personal emails).

c) **Ensure the website is accessible to Web Content Accessibility Guidelines (WCAG) 2.2 AA standards** (The Council has published a website accessibility statement which states that *'We look at our website accessibility alongside our website developers and where we can improve on it we will. We follow a specific set of guidelines to ensure our content meets the WCAG 2.2 AA Standard'*. The Statement was prepared on 26 February 2026).

d) **Adopt a formal IT Policy** covering data protection and device usage (The Council adopted the IT and Laptop Policy at its meeting on 5 March 2026).

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

2.14 In summary, it is considered that the Council is demonstrating proper governance of its digital presence, including using an authority-owned domain for emails, has an IT Policy in place and is 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 is well referenced and facilitates an audit trail to the Bank Statements, Internet Bank payments and the financial information prepared by the Clerk/RFO.

3.2 The Cashbook was examined against a sample of transactions in the year of account and all was found to be in order.

3.3 A re-claim for the £776.35 VAT paid in the period 1 April 2024 to 31 May 2025 was received at bank on 1 August 2025. Similarly, the £3,018.64 VAT paid in the period 20 March 2025 to 30 November 2025 was received at bank on 5 January 2026 and reported to Council on 5 February 2026.

3.4 Payments made under Section 137 of the Local Government Act 1972 are recorded in the Minutes of meetings of the Council and separately identified in the Cashbook Spreadsheet and the End-of-Year Accounts. Donations to Advisory bodies such as the Citizens Advice Bureau can be made under Section 142 of the Local Government Act 1972 without having to resort to Section 137.

3.5 The Clerk/RFO made reports to the Council on Community Infrastructure Levy (CIL) Funds during the year. The Clerk/RFO has prepared a CIL Annual Report for the year 2025/26 displaying a balance brought forward as at 1 April 2025 of £15,575.40, CIL Receipts of £1,620 in the year 2025/26 and £10,593.91 CIL spending in the year. The balance as at 31 March 2026 was accordingly £6,601.49, all of which has been allocated to Traffic Management construction costs. The CIL Annual Report has to be published on the Council's website and submitted to the District Council no later than 31 December 2026.

3.6 A Statement of 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.

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

4.1 The bank reconciliation for period ending 30 June 2025 was noted and verified and signed by the nominated Councillor. Similarly, the bank reconciliation for period ending 30 November 2025 was noted and verified and signed by the nominated Councillor at the Council's meeting on 4 December 2025.

4.2 At the meeting on 8 January 2026 the Council resolved to open a savings account with Unity Trust Bank providing online transfers between the savings account and the community account was possible.

4.3 The Bank Statement for the Unity Trust Bank Current Account stood at £14,994.06 at 31 March 2026 and the Barclays Business Savings Account stood at £4.07 as at 27 June 2025 (a statement as at 31 March 2025 was not available for the auditor to confirm) and in total reconciled with the Accounts balance of £18,054.15.

4.4 The Council's published Financial Regulations (item 2.6) provides that *'At least once in each quarter, and at each financial year end, a member other than the Chair or cheque signatory shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign and date the reconciliations and the original bank statements (or similar document) as evidence of this. This activity, including any exceptions, shall be reported to and noted by the council'*.

4.5 The Clerk/RFO advised the Internal Auditor that a Councillor checks the bank statements against the payments and signs the bank statements to evidence his review.

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 found to be in good order. Sample audit trails were undertaken and were found to be in good 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 Internal Control Statement and the Internal Control Report was reviewed and accepted by the Council at its meeting on 6 March 2025 (during the 2024/25 year) and more recently on 2 April 2026 (during the 2026/27 year).

6.2 Similarly, the Council's Risk Register was also reviewed and accepted by the Council at its meeting on 6 March 2025 (during the 2024/25 year) and more recently on 2 April 2026 (during the 2026/27 year). The document provides a comprehensive analysis of the risks faced by the Council and the control measures in place to mitigate the risks identified.

6.3 Accordingly, a formal review at a full Council meeting of the Council's Internal Controls and Risk Management arrangements did not take place during the financial year 2025/26.

6.4 The Council accordingly did not comply with the Accounts and Audit Regulations 2015 which require a review by the Full Council at least once each financial year of the effectiveness of the Council's system of internal control, including the arrangements for the management of risk, with the review suitably Minuted.

6.5 Insurance was in place for the year of account. The payment of £585.10 to Zurich Insurance for the period 1 October 2025 to 30 September 2026 was approved by the Council at the meeting on 4 September 2025. The insurance cover for Employer's Liability is £10m and Public Liability stands at £12m. The amount of the cover for Fidelity Guarantee (Councillor/Employee Dishonesty) 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.

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

Precept 2025/26: £23,160 (9 January 2025, Minute 11d refers).

Precept 2026/27: £29,521 (8 January 2026, Minute 12d refers).

7.1 The Budget and Precept for 2025/26 were agreed by the Council at its meeting on 9 January 2025. The Council noted that the Precept was last raised in 2023 and for the last 3 financial years had remained at a rate lower than that of 2021. The Precept of £23,160 would enable funds to be accumulated and aimed to deliver traffic calming schemes and address inflationary increases in other areas of expenditure.

7.2 At its meeting on 4 December 2025 the Council agreed to form a Finance Working Group to consider a Draft Budget for the year 2026/27 for review by the Council in January 2026. At its meeting on 8 January 2026 the Council considered and approved the 2026/27 Budget and agreed a Precept of £29,521 for the financial year. The parish council element for a Band D household would be £73.62 per annum, an increase from £59.04 which equates to £14.58 per annum per Band D household, an increase of 24.69%

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

7.4 Budgetary control procedures area in place. At the meeting on 4 December 2025 the Council noted the Spend-to-date Report (Budgetary Monitoring Report) showing Budget v. Actual Spending as presented by the Clerk/RFO.

7.5 The overall Reserves available to the Council as at the year-end 31 March 2026 were £14,948.13 and consisted of:

CIL Restricted Reserve:	£6,601.49
Flood Water Depth Gauge Earmarked Reserve:	£318.42
Speed indicator device Earmarked Reserve:	£1,660.28
Construction costs re: speed management project	£577.94
General Reserves:	£5,790.00

7.6 The General Reserves (Overall Reserves less Earmarked/Restricted Reserves) of £5,790 were 19.6% or 2.3 months equivalent of the 2026/27 Precept. Whilst the Council has since received Precept income, as at 31 March 2026 the Council was marginally below the generally accepted position that non-earmarked revenue reserves should be at least between 3 and 12 months of Net Revenue Expenditure/Precept (the SAPP Proper Practices Guide, Item 5.34 refers).

Recommendation 1: Bearing in mind that the CIL Funds held are a Restricted Reserve and are unable to be used for every eventuality, the Council should continue to monitor the level of General Reserves available to ensure that sufficient reserves and contingency sums are maintained to meet, within reason, any unforeseen items of expense that may occur. The Council should aim towards achieving the generally accepted position that non-earmarked and non-restricted revenue reserves should be at least between 3 and 12 months of Net Revenue Expenditure/Precept (a minimum of £7,280 for 2026/27).

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

8.1 Receipts are reported to Council by the Clerk/RFO and the £35,146.34 recorded in the Cashbook Spreadsheet consisted of the Precept (£23,160), CIL Receipts (£1,620), VAT refund (£3,794.99), Street Cleansing Grant (£3,174.60), MSDC Locality Funding and Other Income (£3,396.74) and Bank Interest (£0.01).

8.2 Receipts were cross referenced on a sample basis with the bank statements and were found to be in order.

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

9.1 No Petty Cash is held; an expenses system is in place with online 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 are being operated by Sword and Trowel Bookkeeping Limited. The salaries for the Clerk/RFO and the Street Caretaker are paid following the necessary advice/instruction to the Payroll Services provider. PAYE is in operation. A copy of Forms P60 (End of Year Returns) were presented to the Internal Auditor.

10.2 A Contract of Employment dated 1 August 2025 between the Council and the Clerk/RFO is in place with a starting date of 1 August 2025. The Clerk/RFO confirmed that she holds a copy signed by both Employer (Chair on behalf of the Council) and herself.

10.3 The Contract does not specify the paid hours of work but states that '*Your normal working hours are to be determined at the end of the probationary period*'.

Recommendation 2: The Council should add a formal addendum to the original contract (to be signed by both parties) to confirm the number of paid hours of work under the Contract and any other arrangements made since the original document was prepared on 1 August 2025 in order to formalise the current employment arrangements.

10.4 As at 31 March 2026 the Clerk/RFO was being paid at NJC SCP 24 for 8 hours per week.

10.5 The Clerk/RFO confirmed that the Street Caretaker returned a signed copy of the letter written to him by the then Clerk/RFO in post on 18 May 2025 to constitute a Contract of Employment between the Council and Employee with a starting date of 19 May 2025. As at 31 March 2026 the Street Caretaker was paid at an agreed rate of pay for 20 hours per month.

10.6 With regard to the legislative requirements relating to workplace pension schemes, a re-declaration of compliance under the Pensions Act 2008 was submitted to the Pensions Regulator on 3 July 2023. (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 The Council has a standing agenda item for Asset Management at each meeting of the Council.

11.2 As at 31 March 2026 the Asset Register displayed an overall total value of £73,074, a net increase of £3,936 from the valuation of £69,138 at the end of the previous year, 31 March 2025. The acquisitions and disposal in the year are listed in the Register. The main acquisition in the year was the Speed Indicator and accessories (£2,765).

11.3 The Register complies with the current requirements which provide that each asset should be recorded at a consistent valuation, year-on-year. The Register displays the purchase price of each asset or, where the original purchase price is unknown, a replacement value or a nominal/community value of £1. The value of the assets as at 31 March 2026 has been correctly entered into Box 9 of the AGAR 2025/26.

11.4 A List of Assets of Community Value is in place, the application for the Swan Public House as an asset of community value being successful in the year and reported to Council on 6 November 2025.

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 internal financial controls in place. The Clerk/RFO provides financial reports to Council meetings, including balances held at bank. Councillors are provided with information to enable them to make informed decisions.

12.2 Payments and receipts are listed in the Council's Minutes as part of the overall financial control framework. The transaction details and legislative powers under which each payment is made are clearly listed.

12.3 Payments are primarily being made through online banking and the Internal Auditor confirmed that:

(a) The Clerk/RFO is the Service Administrator who initiates the payments to be made through internet banking, which are authorised electronically a Councillor before payment is released.

(b) Nominated Councillors have been specifically authorised to approve transactions generated by the Clerk/RFO.

(c) An Internet Banking payment confirmation document (displaying amount of payment, transaction date, Payee and persons submitting the payment and authorising/approving the payment) is attached to the appropriate paid invoice.

(d) The Council has an Internet Banking Policy in place, the policy having been reviewed and adopted by the Council at its meeting on 3 November 2022. The Clerk/RFO advised the Internal Auditor that the Policy was added to the Council's website during the audit and will be reviewed/updated during 2026/27.

12.4 The Internal Audit Report for the previous year 2024/25 was received by the Council at its meeting on 5 June 2025.

12.5 The Council appointed the Internal Auditor for the 2025/26 year at the meeting held on 2 October 2025.

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

13.1 An External Audit was not required in the year 2024/25 as the higher of gross income or gross expenditure did not exceed £25,000 in the year. The Exemption from a Limited Assurance Review was completed by the Council at its meeting on 5 June 2025.

13.2 An External Audit will be required for the year 2025/26 as the higher of gross income or gross expenditure exceeded £25,000 in the year.

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

14.1 Hoxne Parish Council is designated as a 'Smaller Council'. The Council's website is: <https://hoxneparishcouncil.gov.uk/>

14.2 Smaller authorities should publish on their website:

- a) **All items of expenditure above £100:**
Published – Yes, included within the published Minutes
- b) **Annual Governance Statement, AGAR Annual Return, Section One:**
Published (2024/25) – Yes
- c) **End of year accounts, AGAR Annual Return, Section Two:**
Published (2024/25) – Yes
- d) **Annual Internal Audit report within AGAR Annual Return:**
Published (2024/25) – Yes
- e) **List of councillor or member responsibilities:**
Published – Yes
- f) **Details of public land and building assets (asset register):**
Published – Yes
- g) **Minutes, agendas and meeting papers of formal meetings:**
Published – Yes

14.3 The Council is meeting the requirements of the Transparency Code.

14.4 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, Inspection Dates, Details of Person to contact to view the accounts and the Details of the person making the announcement.

14.5 The remaining documents required to be published for the year 2024/25, as listed in the AGAR Page 1 Guidance Notes (including the Bank Reconciliation, the Explanation of Variances and the Certificate of Exemption) were found to be easily accessible on the website.

15. Additional Comments.

15.1 I would like to record my appreciation to the Clerk to the Council for her assistance and for the careful presentation of documents for the audit.

Trevor Brown

Trevor Brown
(Chartered Institute of Public Finance and Accountancy)
26 May 2026

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