

**INTERNAL AUDIT REPORT
2025/2026 - ANNUAL RETURN
HEALEYFIELD PARISH COUNCIL**

1. Background

- 1.1. Following the abolition of the Audit Commission a new organisation has been established which is responsible for issuing proper practices in relation to the accounts of smaller authorities. It is called the Smaller Authorities Proper Practices Board (SAPPB), and is made up of members of the SLCC, NALC, CIPFA, the Ministry of Housing, Communities and Local Government (MHCLG), the Department of Environment, Food and Rural Affairs (DEFRA), the National Audit Office and a representative of the external audit firms appointed to smaller authorities
- 1.2. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,0000 must complete Part 3 of the Annual Governance and Accountability Return (AGAR) at the end of each financial year. Where the higher of gross income or gross expenditure was £25,000 or less, a council can certify themselves as exempt from a limited assurance review, and complete part 2 of the AGAR. The AGAR for part 2 is made of 2 sections along with an annual internal audit report. which is to be completed by the Parish Council's independent internal auditor, who is to give an opinion of the Parish Council's internal controls. .Healeyfield Parish Council are to complete a certificate of exemption and part 2 of the AGAR, this is completed when the accounts are approved.
- 1.4. CDALC had previously provided Councils with an audit checklist to be used, this annual audit uses this list as the minimum of the tests to be carried out.

2. Objectives of the Audit

- 2.1. To examine the system of internal controls to ensure that the Parish Council may obtain an adequate level of assurance for its activities.

3. Scope of the Work and the areas of Audit Work examined.

- 3.1. The Scope of Work covers the key control tests identified in the annual return.
- 3.2. To properly complete the audit the following areas of activity have been examined and tested by Internal Audit:
- Payroll
 - Creditors
 - Risk Management
 - Income collection and Banking arrangements
 - Accounting records,
 - Assets
 - Debtors
 - Budgetary Control (including year end procedures)
- 3.3. The audit findings of this report have been discussed with the Clerk of the Council and any audit recommendations have been agreed with him.

4. Findings

4.1. Payroll

- 4.1.1. The Parish Council has 1 employee (Clerk) who work standard hours with the payroll information completed by HMRC Basic Tools system. This is a good internal control for the Council.
- 4.1.2. All payroll information was checked for the year and was processed correctly, and the amounts were found to be correctly paid and recorded in the accounts.

4.2. Creditors

- 4.2.1. There is no separation of duties at Healeyfield Parish Council as the Clerk is the only Officer responsible for Finance and Administration. Compensating checks are carried out by the Members

and Financial Regulations outline the system to be followed.

- 4.2.2 A details of payment voucher (invoice attached) is completed by the Clerk which includes details of the payment, cheque number, date, which is prepared by the Clerk (signed) and authorized by 2 Councillors (signed).

All payments are recorded on a monthly accounts sheet for Members to examine at meetings. This sheet is signed by the Chair to confirm the payments.

- 4.2.3. All invoices for payment were examined and had vouchers properly completed and authorized and been approved in the Council minutes and recorded on the cash book.
- 4.2.4. Although there is no petty cash held by the Council there are payments made to the Clerk for any expenses when necessary and receipts are held for all expenditure.

4.3. Governance Arrangements

- 4.3.1. The annual accounts were approved by council at the meeting on 30th April 2026 which included 2026 Financial Risk Assessment, 2025/26 Asset Register and the 2026 Report on Internal Control

- 4.3.2. The Council has adopted the NALC Financial Regulations and Standing Orders and as previously agreed are reviewed every three years and are due for review in May 2026

- 4.3.3 There appears to be adequate insurance cover for all assets of the Council.

- 4.3.4. Various policies are reviewed when required throughout the year

- 4.3.5. The announcement of the public rights for 2025/26 was announced on 30th June 2025 with the Inspection of the accounts available between 1st July to 11th August 2025.

- 4.3.6. A report to show that the Council met the requirements of Assertion 10 within the AGAR for 2025/26 was submitted to the Council on 23rd April 2026.

4.4. Income collection and Banking arrangements

- 4.4.1. Income is received from precept, Grants, VAT claims.

- 4.4.2. I can confirm that all income received had been promptly banked and properly recorded.

- 4.4.3. Vat is recorded on the income and expenditure sheet and is claimed annually. Claim for 2024/25 was received in the Councils bank account on 23rd April 2025.

- 4.4.4. I agreed to the reconciliation of the bank statements at the end of the year to the records as at 31st March 2026

- 4.4.5. The Council has 3 bank accounts: A community account for day to day expenditure and income, 1 for top up to Community account and a deposit account to attract bank interest.

4.5. Accounting Records

- 4.5.1. The Council keeps very good records with all Receipts and Payments properly recorded on a cashbook spreadsheet and the Clerk carries out regular bank reconciliations, which are submitted to Members monthly in a financial report with the bank statements being confirmed.

4.6. Security/Assets

- 4.6.1. The register of assets is agreed with the statement of accounts each year.

4.7. Debtors

- 4.7.1. The Council does not raise any accounts.

4.8. Budgetary Control and Budget Setting

- 4.8.1. Budget monitoring reports are examined by Members monthly along with bank reconciliation.
- 4.8.2. The precept and budget estimates for the coming year are initially discussed at Council meeting on 6th November 2025 and agreed at the 27th November 2025 Council meeting. The annual budget was prepared to support the precept.

5. Conclusions

- 5.1. All of the key controls contained within the internal audit section of the AGAR were examined and these were found to be working satisfactorily.

6. Recommendations

- 6.1. There are no recommendations.



Gordon Fletcher (C.M.I.I.A.)
Internal Auditor
Date: 4th May 2025