

## **Report to Dennington 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 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 continues to maintain an effective 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 of the Council's Responsible Financial Officer (RFO), satisfactorily undertook the administration of the Council's financial affairs and produced appropriate financial management information to enable the Council to make well-informed decisions.

1.3 The Accounts for the year confirm the following:

<i>Total Receipts for the year:</i>	<i>£14,142.04</i>
<i>Total Payments in the year:</i>	<i>£12,823.23</i>
<i>Total Reserves at year-end:</i>	<i>£21,003.80 (of which £15,870.07 is earmarked)</i>

1.4 The Annual Governance and Accountability Return (AGAR) was examined and the following figures agreed with the Clerk/RFO for display 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: £19,685</i>
<i>Annual Precept 2025/26:</i>	<i>Box 2: £12,250</i>
<i>Total Other Receipts:</i>	<i>Box 3: £1,892</i>
<i>Staff Costs:</i>	<i>Box 4: £4,545</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £8,278</i>
<i>Balances carried forward (31 March 2026):</i>	<i>Box 7: £21,004</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £21,004</i>
<i>Total fixed assets:</i>	<i>Box 9: £55,722</i>
<i>Total borrowings:</i>	<i>Box 10: nil</i>

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. 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 was held on 19 May 2025. The first item of business was the Election of a Chair, in accordance with the requirements of the Local Government Act 1972.

2.2 At the meeting on 19 May 2025 the Council formally re-appointed Lydia Kindred as the Council's Responsible Financial Officer (RFO) and appointed an Examining Councillor and Councillors to act as the Council's Representatives. Bank Standing Orders and Direct Debits were also agreed at the meeting on 19 May 2025.

2.3 The Council has Standing Orders in place. They were reviewed and approved by the Council without change at its meeting on 19 May 2025 and 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.

2.4 Financial Regulations are in place and were reviewed, updated and approved by the Council at its meeting on 19 May 2025. They are similarly based on the latest model Financial Regulations published by NALC. A copy has been published on the Council's website.

2.5 The Council's Minutes are well presented and provide clear evidence of the decisions taken by the Council in the year.

2.6 The Council demonstrated good practice by appointing an Examiner Councillor at its meeting on 19 May 2025. The bank statements and bank reconciliations are reviewed by the Councillor at meetings of the Council.

2.7 The Council also displays good governance practice having resolved (at its meeting on 18 November 2019) that policies requiring annual review will be brought to Council by the Clerk/RFO for review at the Annual General Meeting of the Parish Council in May each year in order to minimise the chance of policies being overlooked if reviewed at different meetings throughout the year. The review was completed by the Council at the Annual General Meeting held on 19 May 2025.

2.8 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 ZA116681, expiring 20 May 2025). At the meeting on 19 May 2025 the Council reviewed and approved the Data Protection Policy and Councillors were reminded 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.

2.9 The Council re-adopted the Local Government Association (LGA) Model Councillor Code of Conduct at its meeting on 19 May 2025. The Code details the requirements and responsibilities placed upon each individual Councillor. A copy of the Code has been published on the Council's website.

2.10 A new Assertion 10 applies to the Annual Governance and Accountability Return (AGAR) for the financial year beginning 1 April 2026. Assertion 10 will require 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.

2.11 At the meeting on 19 May 2025 the Council approved the Website Accessibility Policy. The Council uses Suffolk Cloud's standard policy which the Council noted was WCAG 2.2 AA compliant.

2.12 At the meeting on 7 July 2025 the Clerk/RFO advised the Council on the actions required to comply with the new Assertion 10 in the Annual Governance Statement. To be fully compliant a local council must:

- a) Use a council-owned domain (The Council has the domain of .gov.uk).
- b) Operate at least one generic email account on the council owned domain (this is held by the Clerk/RFO).
- c) Ensure the website is accessible at WCAG 2.2 AA standards. (Suffolk Cloud carried out a website accessibility review for the Council).
- d) Adopt a formal IT Policy covering data protection and device usage (The Council adopted a Data and IT Policy on 19 January 2026).

2.13 The Clerk/RFO has confirmed and provided evidence that the above requirements have been met by the Council to enable affirmation to Assertion 10 in the AGS and that she undertakes suitable and periodic reviews of how the Council collects, processes, stores and disposes of personal data in accordance with the current data protection legislation.

2.14 At its meeting on 16 March 2026 the Council noted that the new community website ([www.dennington.org.uk](http://www.dennington.org.uk)) was live and that non-Parish Council content had been removed from the gov.uk website to ensure compliance with the AGS Assertion 10 requirements relating to website accessibility.

### **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, on-line payments and the financial information prepared by the Clerk/RFO. A sample of payments was examined with the supporting invoices and vouchers and all was found to be in order.

3.2 VAT payments are tracked and separately identified. Reclaims for VAT paid are regularly submitted to HMRC. The re-claim for £502 58 for the period 1 March 2025 to 28 February 2026 was received at bank on 25 March 2026.

3.3 Local Government Act 1972 (Section 137) payments are separately recorded within the Cashbook Spreadsheet. The Council is able to make donations to advisory

organisations, including those to the Citizens Advice Bureau, under Section 142 (2A) of the Act without having to resort to Section 137.

3.4 The Clerk/RFO has constructed a CIL Report for 2025/26 which displays a balance of £0 brought forward from the previous year. Receipts of £0 were recorded in the year with £0 applied in the year. The balance of CIL receipts as at 31 March 2026 is accordingly displayed as £0.

3.5 An Explanation 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 publication on the Council's website.

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

4.1 Bank Reconciliations are routinely presented to the Council and signed in verification by the Examining Councillor.

4.2 The bank statements as at 31 March 2026 for the Barclays Current Account (£689.01), Barclays Saver Account (£4,424.95) and Barclays Equipment Account (£15,889.84), totalling £21,003.80, 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. 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 At the meeting on 19 May 2025 the Council's Statement of Internal Control was reviewed and considered to be effective and fit for purpose (Minute 12a refers).

6.2 The Council's Risk Assessment for Physical Assets was reviewed and updated by the Council on 19 May 2025 (Minute 14e refers).

6.3 The Financial Risk Assessment was also reviewed and approved on 19 May 2025 with no amendments required (Minute 14f refers). The Financial Risk Assessment displays each risk identified, the risk level (H, M or L) and the action taken to manage/mitigate the risks involved. The Risk Assessment document has been published on the Council's website.

6.4 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.

6.5 Insurance was in place for the year of account. At its meeting on 8 September 2025 the Council confirmed that the policy was still appropriate for the Council's needs and approved the insurance renewal quotation with Zurich at a cost of £599.44 for the period 1 October 2025 to 30 September 2026. Employer's Liability cover is at £10m and Public Liability cover stands at £12m. The Fraud and Dishonesty (Fidelity Guarantee) 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.

6.6 A separate insurance policy was taken out by the Council for the Kubota mower for the period 29 April 2025 to 28 April 2026 at a cost of £297.68 to Robins Row (insurance brokers) for mower insurance.

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

Precept 2025/26: £12,250

Precept 2026/27: £13,000

7.1 A Draft Budget for 2025/26 was reviewed by the Council on 4 November 2024. The final Budget and Precept for 2025/26 were agreed in Full Council and the precept decision and amount has been clearly Minuted (Council's meeting on 6 January 2025, Minute 10 refers).

7.2 A Draft Budget 2026/27 was considered by the Council at its meeting on 10 November 2025. The Final Budget and Precept for 2026/27 were agreed in Full Council on 19 January 2026 and the Precept decision and amount have been clearly Minuted (Minute 15 refers of the meeting refers).

7.3 Examination of the accounts and supporting documentation confirmed that the Council prepared detailed estimates of the annual budget and of receipts and payments. The estimates for 2025/26 were used effectively for financial control and budgetary control purposes during the year. The Council received and noted reports detailing the Receipts and Payments in the year to date compared to the budget.

7.4 The Clerk/RFO ensures the Council is aware of its responsibilities and commitments and the need for adequate reserves. The Clerk/RFO provides Councillors with sufficient information to make informed decisions. At the meeting on 8 September 2025 the year-to-date financial statement was considered by the Council alongside the level of general and reserved funds. It was agreed that the level of general reserves needed to be increased and that the Council needed to be mindful in carrying out projects that have not been budgeted for. As a result, it was agreed not to allocate £1,000 towards a future tractor mower purchase and to retrain those funds in the general reserves.

7.5 As part of the budgetary control framework operating within the Council, a year-to-date financial statement was again considered at the meeting on 10 November

2025. It was noted that the insurance, asset management and business rates costs were higher than budgeted for and that these matters would be considered when setting the next budget.

7.6 As at 31 March 2026 the Council's Overall Reserves stood at £21,003.80, of which £15,870.07 had been Earmarked, as follows:

Equipment Fund/Mower:	£15,659.07
Jubilee/Coronation Fund:	£211.00

7.7 The General Reserves (the Overall Reserves less the Earmarked /Restricted Reserves) were accordingly £5,133.73 (39% or 4.7 months equivalent of the 2026/27 Precept) and in line with the generally accepted best practice, which is that non-earmarked revenue reserves should usually be between three and twelve months of Net Revenue Expenditure/Precept (the SAPP Practitioners' Guide, Item 5.34 refers).

7.8 As at 31 March 2026, the Council maintained sufficient Overall Reserves and Contingency sums to meet, within reason, any unforeseen items of expense.

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

8.1 Receipts are reported to Council and recorded in the Minutes of the Council's meetings. Receipts totalling £14,142.04 were recorded in the Cashbook Spreadsheet consisted of Precept (£12,250), Grants (£1,160), VAT repayment from HMRC (£502.58) and bank Interest (£229.46).

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

9.1 A Petty Cash system is not in use. An expenses system is in place with on-line payments being made out for expenses incurred.

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

10.1 Payroll Services are being operated on behalf of the Council by the Suffolk Association of Local Councils (SALC) in accordance with HMRC requirements. Detailed payslips are produced. PAYE is in operation with payments being made to HMRC. A copy of the End-of-Year Certificate P60 for the Clerk/RFO was presented to Internal Audit. 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.

10.2 A Contract of Employment is in place under which the Clerk/RFO is paid for 5 hours per week.

10.3 At its meeting on 22 May 2023 the Council formally agreed that the Clerk/RFO's salary should be based on the NALC scale range of LC2 substantive benchmark

(SCPs 24-28) starting at the SCP band rate of 24, the new pay commencing from 1 June 2023. The Council noted at its meeting on 19 May 2025 that Clerk/RFO remained on SCP 24 from 1 April 2025.

10.4 At its meeting on 8 September 2025 the Council was advised by the Clerk/RFO of the 2025/26 national salary award to local government officers and noted that the new rates of pay under the NJC/NALC agreement are to be backdated to 1 April 2025.

10.5 Staff Costs in the accounts displayed £4,544.92 and is different to the £4,784.12 listed on the P60 form because the £239.20 tax deduction for the final Quarter was not paid in the year 2025/26.

10.6 With regard to the legislation relating to workplace pensions, at its meeting on 15 July 2019 the Council noted that in accordance with its pension obligations as an employer, the Chairman had written to the Clerk/RFO to invite her to pay into a voluntary pension scheme. The Clerk/RFO chose not to participate at that time.

10.7 The Clerk/RFO confirmed to the Council on 10 November 2025 that a re-declaration of compliance under the Pensions Act 2008 had been submitted to the Pensions Regulator on 25 September 2025. 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 Assets Register is in place and was reviewed by the Council at its meeting on 19 May 2025 with no amendments required.

11.2 The Asset Register displays a total value of £55,722 as at 31 March 2026, unchanged from the value as at the end of the previous year, 31 March 2025.

11.3 The value recorded in the Asset Register as at 31 March 2026 has been correctly placed in Box 9 of Section 2 of the 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. Identifying VAT payments and re-claims. Any previous audit recommendations implemented*).**

12.1 The Council has satisfactory internal financial controls in place. Councillors are provided with information to enable them to make informed decisions. The Clerk/RFO provides financial reports to Council meetings, including details of bank statements and bank reconciliations. The banking mandates for Councillors and the Clerk/RFO were confirmed at the Council's meeting on 19 May 2025.

12.2 The Council demonstrates good financial practice through the appointment of an Examining Councillor who undertakes routine examination of bank statements and financial data prepared by the Clerk/RFO.

12.3 Bank statements and bank reconciliations are reviewed by the Council and by the Examining Councillor and Minuted to evidence that the action has taken place.

12.4 Receipts and Payments are listed in the Council's Minutes as part of the overall financial control framework. The Clerk/RFO presents to the Council the Year-to-Date Receipts and Payments Account and compared to details of the Budget.

12.5 The Council operates on-line banking. The Clerk/RFO advised the Internal Auditor that all payments are authorised by two Councillor mandates, who examine and sign the invoices/vouchers at the Council meetings. The Clerk/RFO sends the approved list of payments to the Councillor mandates, one of whom would initiate the online payments to be authorised by the second Councillor mandate.

12.6 The Clerk/RFO confirmed that she is able to make payments for the Council in the event of the payment being to one of the two Councillors who can use online banking or if one of them is unavailable.

12.7 In addition, the audit confirmed that (a) Cashbook reference numbers are noted on the paid invoices/vouchers to assist the verification of the payment and (b) Invoices/vouchers for payment are signed or initialled by the Signatories in confirmation of the payment being correctly made.

12.8 The Council considered and accepted the Internal Audit report for the previous year (2024/25) at the meeting held on 19 May 2025.

12.9 The Internal Auditor for the 2025/26 year was appointed by the Council at the meeting held on 19 May 2025.

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

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

13.2 The Council's website is: [dennington-pc.gov.uk](http://dennington-pc.gov.uk)

13.3 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.

13.4 The Council is in compliance with the Transparency Code.

13.5 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 a document for the year 2024/25 was readily accessible on the Council's website and displayed the Date of Announcement, Details of Person to contact to view the accounts and the Details of the person making the announcement.

13.6 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.

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

14.1 An External Audit was not required in the year 2024/25. At its meeting on 19 May 2025 the Council agreed to complete the Certificate of Exemption from a Limited Assurance Review for that year.

14.2 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.

#### **15. Additional Comments.**

15.1 I would like to record my appreciation to the Clerk to the Council for her assistance during the course of the audit work.



**Trevor Brown**

**Chartered Institute of Finance and Accountancy**

**Internal Auditor**

**10 April 2026**