

INTERNAL AUDIT REPORT – 2025/2026

HAWTHORN 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 Department of Housing, Communities and Local Government (DHCLG), 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 not exceeding £25,0000 must complete Part 2 of the Annual Governance and Accountability Return (AGAR) at the end of each financial year and complete an exemption form. The AGAR is made of 3 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 on the Parish Council's internal controls. Hawthorne Parish Council completed Part 2 of the AGAR, and a Certification of exemption form completed.

2. Objectives of the Audit

- 2.1. To examine the system of internal controls with regard to the AGAR and 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 control tests identified in in the AGAR and no other internal audit work was carried out.
- 3.2. The following areas of activity have been examined and tested by the Internal Auditor:
- Payroll
 - Creditors
 - Risk Management
 - Income collection and Banking arrangements
 - 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 her.

4. Findings

4.1. Payroll

- 4.1.1. The Parish Council has 1 employee (Clerk) and works standard hours per week and is paid by cheque every six months and is registered with HMRC and her pay is subject to deductions.
- 4.1.2. I examined the wages paid to the Clerk and the deductions payable to HMRC for the financial year 2025/2026 and all payments had been correctly made and accounted for.

4.2. Creditors

- 4.2.1. There is no separation of duties regarding Finance and Administration at Hawthorn Parish Council, as the Clerk is the Officer responsible. Compensating checks are carried out by Members, who agree the payment of accounts each month as recorded in the minutes and carry out budgetary control.

- 4.2.2. Any donations paid are agreed by the Council prior to payment being made and recorded in the Payments record, and the minutes. One donation was made during the year.
- 4.2.3. There is no petty cash held at the Parish Council, and any payments to the Clerk for postage and administration expenses are reimbursed on receipt of invoices at the end of the year. This was found to be correct.

4.3. Governance including Risk Management

- 4.3.1. The annual governance statement and statement of accounts are reviewed and agreed on 14th April 2025, with a review of the financial risk assessment, the Financial Regulations, Standing Orders and the review of the effectiveness of internal audit is carried out at the Annual Meeting on 19th May 2025 and is a standard item at every Annual Meeting.
- 4.3.2. Policies and procedures are reviewed when required throughout the year.
- 4.3.3. The Councils Insurance contract was approved at the at the 19th May 2025 monthly meeting.
- 4.3.4. The Parish Council has a very small budget with only 1 employee, and therefore its risks are very low.
- 4.3.5. The announcement of the public rights for 2024/25 was announced at the 14th April 2025 to commence 2nd June 2025.
- 4.3.6. At the 17th November 2025 Council meeting it was reported that Assertion 10 training had been given and that the Council conforms with Assertion 10 requirements.

4. Income collection and Banking arrangements

- 4.4.1. During the year income for the Council was from the precept, grant, vat reclaim and bank interest.
- 4.4.2. Vat is recorded on the payment spreadsheet kept by the Clerk and completed annually at the end of the financial year. Vat claim for 2024/25 was paid into the Council's bank account on 8th April 2025. Vat claim for 2025/2026 was submitted 31st March 2026.
- 4.4.3. Internal Audit examined the receipts for the year and confirmed that all had been promptly received, banked and properly recorded.
- 4.4.4. The Council has 2 bank accounts:
 - Business Reserve account and a Current account
- 4.4.5. The precept is paid into the Current account along with the VAT reclaim. Any bank interest is shown in the Business Reserve Account. Excess balances in the current account are transferred to the deposit account and when required any transfer of money is made from the Business Reserve account to the Current account to pay out the monthly expenditure.
- 4.4.6. I reconciled the bank statements at the end of the year to the Receipts and Payments record.

4.5. Accounting Records (including bank reconciliation)

- 4.5.1. Bank statements are monitored online, and reconciliations between the bank statements and the receipts and payments records are carried out, and reported each month to Council
- 4.5.2. The statement of accounts for 2024/25 was approved at the 14th April 2025 Council meeting along with the governance statement.

4.6. Security/Assets

- 4.6.1. There is an Inventory of assets which is reported to Council with the annual statement of accounts.

4.7. Debtors

- 4.7.1. The Council does not receive any income from debtors.

4.8. Budgetary Control and Budget Setting

4.8.1. The precept was agreed for the coming year, and budget setting was discussed at a Council meeting on 8th December 2025 and agreed.

4.8.2. A ½ yearly review of budgetary control is carried out to assist the budget setting process and reported to Members. This was done on 20th October 2025

5. Conclusions/Recommendations

5.1. The Internal Controls covered regarding the AGAR within the Parish Council are satisfactory for the size of the Council.



**Gordon Fletcher (C.M.I.I.A.)
Internal Auditor,
Date: 8th April 2026**