

HEELIS&LODGE

Local Council Services • Internal Audit

Internal Audit Report for Hermitage Parish Council – 2025/2026

The following Internal Audit was carried out on the adequacy of systems of control in accordance with the requirements of the Audit and Accounts Regulations 2015 and the guidance and instruction in the Practitioners Guide 2025. The following recommendations/comments have been made:

Income: £83,515.92 Expenditure: £74,472.86 Reserves: £249,249.92

2026 AGAR Completion:

Section One: [Yes – to be approved by council](#)

Section Two: [Yes – to be approved by council](#)

Annual Internal Audit Report 2025/2026: [Yes](#)

Certificate of Exemption: [No](#)

[It is noted that Section 2, Box 11 has not been completed at the time of audit. The Council should answer 'Yes' to Box 11.](#)

Proper book-keeping Cash Book, regular reconciliation of books and bank statements. Supporting vouchers, invoices and receipts

[All were found to be in order. LGAs137 and VAT payments are tracked and identified within the year end accounts.](#)

[The cashbook is referenced providing a clear audit trail. Supporting paperwork is in place and well referenced.](#)

Financial regulations Standing Orders and Financial Regulations
Tenders
Appropriate payment controls including acting within the legal framework with reference to council minutes
Identifying VAT payments and reclamation
Cheque books, paying in books and other relevant documents

Standing Orders in place: [Yes](#)
Reviewed: [15/5/2025 \(Ref: 03.05.25\)](#) and [17/7/2025 \(Ref: 08.07.25\)](#)
Financial Regulations in place: [Yes](#)
Reviewed: [15/5/2025 \(Ref: 04.05.25\)](#) and [18/12/2025 \(Ref: 8.12.25\)](#)

VAT reclaimed during the year: [Yes - £4,217.96](#)
Registered: [No \(VAT126\)](#)

General Power of Competence: [No](#)

There were no tenders during the year that exceeded the £30,000 Public Contract Regulations threshold.

Risk Assessment

Appropriate procedures in place for the activities of the council
Compliance with Data Protection regulations

Risk Assessment document in place: Yes
Data Protection registration: Yes Ref: ZA356699

Data Protection

The General Data Protection Regulations came into force on 25 May 2018. It is likely that this will affect the way in which the Council handles its data. Due to the financial risk associated with the General Data Protection Regulations, the Council have included this in their Risk Assessment.

Insurance was in place for the year of audit (valid 26/5/2026 – 25/5/2027). The Risk Assessment was reviewed at a full Council meeting held on 19/2/2026 (Ref: 8.02.26).

The Council have satisfactory internal financial controls in place. The Clerk provides financial reports to council meetings. Councillors are provided with information to enable them to make informed decisions.

Fidelity Cover: £500,000

The level of Fidelity cover is within the recommended guidelines of year end balances plus 50% of the precept.

Transparency

Compliance with **Assertion 10:**

Website link: <https://hermitageparishcouncil.gov.uk/>

Privacy Policy published: Yes - reviewed 22/1/2026 (Ref: 8.01.26)
Link: <https://hermitageparishcouncil.gov.uk/privacy-policy/>

IT Policy in place: Yes – approved 22/1/2026 (Ref: 8.01.26)
IT Policy published: Not found

Data Protection Policy in place: Yes – reviewed 22/1/2026 (Ref: 8.01.26)
Data Protection Policy published: Not found

Publication Scheme published: Not found

Accessibility Statement in place: Yes
Accessibility Statement published: Yes
Link: <https://hermitageparishcouncil.gov.uk/accessibility-statement/>

The Council have mostly met the Assertion 10 requirements.

Recommendation: to adopt and publish the ICO Publication Scheme.
Recommendation: to publish the Data Protection Policy.

Generic Council email addresses for officials in place: [Yes](#)

Under **The Accounts & Audit Regulations** councils must publish on their website:

Audited AGAR:

[2025 Annual Return, Section One Published – Yes](#)

[2025 Annual Return, Section Two Published – Yes](#)

[2025 Annual Return, Section Three Published – Yes](#)

Notice of period for the exercise of public rights (2025)

[Published – Yes](#)

<https://hermitageparishcouncil.gov.uk/wp-content/uploads/2026/01/16-Making-provision-for-the-exercise-of-public-rights-2024-25-4.pdf>

Notice of Conclusion of Audit (2025)

[Published – Yes](#)

<https://hermitageparishcouncil.gov.uk/wp-content/uploads/2026/01/Notice-of-conclusion-of-audit-September-2025.pdf>

Period of Exercise of Public Rights

Publication Date: [2/6/2025](#) Start Date: [3/6/2025](#) End Date: [14/7/2025](#)

It is noted that, as per the External Auditor's report, the date of approval of the 2024-2025 AGAR was after the start date of the period of exercise of public rights.

Recommendation: As per the External Auditor's report, the Council should tick 'No' to Assertion 4 of the 2025-2026 AGAR. NB Box 4 is currently ticked 'Yes'.

Under the requirements of the **Accounts and Audit Regulations 2015 13(2b)** council are required to display AGARs for the five years 2020-21, 2021-22, 2022-23, 2023-24 and 2024-2025 on their website.

	Section 1	Section 2	Section 3 (Audited)
2020 - 2021	Yes	Yes	N/A
2021 - 2022	Yes	Yes	No
2022 - 2023	Yes	Yes	No
2023 - 2024	Yes	Yes	Yes
2024 - 2025	Yes	Yes	Yes

The Council have mostly met the publication requirements.

Recommendation: The Council should publish the missing information.

Under the **Transparency code for smaller authorities**, smaller councils with income/expenditure over £200,000 should publish on their website from 1 April 2015:

It is best practice, rather than a requirement for Councils with income or expenditure between £25,001 - £200,000 to follow the Transparency Code for Councils over £200,000. Guidance on documents that need to be published can be found at

<https://www.gov.uk/government/publications/local-government-transparency-code-2015/local-government-transparency-code-2015>

Budgetary controls documents

Verifying the budgetary process with reference to council minutes and supporting

Precept: £63,500 (2025-2026)

Date: 16/1/2025 (Ref: 8.8)

Precept: £65,500 (2026-2027)

Date: 22/1/2026 (Ref: 7.6)

Satisfactory budgetary procedures are in place. The precept was agreed in full council and the precept decision and amount has been clearly minuted. The Clerk ensures the council are aware of responsibilities, commitments, forward planning and the need for adequate reserves. Budget papers are prepared to ensure councillors have sufficient information to make informed decisions. Budgets are monitored during the year.

Income controls

Precept and other income, including credit control mechanisms

All were found to be in order. Income controls were checked and a sample of income received and banked cross referenced with the Cash Book and bank statements.

Burial fees were reviewed at a meeting held on 19/2/2026 (Ref: 8.02.26), where a 10% increase was agreed.

Cash

Associated books and established system in place

There have been no cash payments made during the year of audit.

Payroll controls

PAYE and NIC in place where necessary.

Compliance with Inland Revenue procedures

Records relating to contracts of employment and pensions

PAYE System in place: **Yes**

Employer's Reference: **120/XA56462**

P60s issued: **Yes**

The Council continue to operate RTI in accordance with HMRC regulations. Payroll is outsourced. Supporting paperwork is in place and a P60 has produced as part of the year end process.

It is noted that the Council undertook a review of salaries at a meeting held on 19/2/2026 (Ref: 16.02.26). An appraisal process is in place.

Contracts of Employment and subsequent salary agreements are in place for all staff employed by the Council.

Asset control

Inspection of asset register and checks on existence of assets
Cross checking on insurance cover

A separate asset register is in place. Values are recorded at cost insurance value. The total value of assets are recorded at £365,949. The figure in the asset register corresponds with the figure in Section 2, Box 9 of the AGAR.

Bank Reconciliation

Regularly completed and cash books reconcile with bank statements

All were in order. Bank Reconciliations are carried out regularly. The bank statements reconciled with the end of year accounts and bank reconciliations for all accounts.

Bank Balances at 31 March were confirmed as:

<i>Lloyds Community</i>	<i>xxxx6334</i>	<i>£38,191.97</i>	
<i>Metro</i>	<i>xxxx7066</i>	<i>£86,057.95</i>	
<i>Newbury BS</i>	<i>xxxx6653</i>	<i>£85,000.00</i>	<i>(last updated 29/10/2019)</i>

Long Term Investments

<i>CCLA (Property Fund)</i>	<i>xxxx7721</i>	<i>£21,435.94</i>
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Recorded in the Asset Register

The Council had outstanding (PWLB) loans with the UK Debt Management Office (DMO) of £159,740.61 at the year end. [verified by the 31st March statement].

It is noted that interest on the Newbury BS account is received annually.

Reserves

General Reserves are reasonable for the activities of the Council
Earmarked Reserves are identified

The Council have adequate general reserves of £99,560.45 and have identified earmarked reserves of £149,689.47 in their year end accounts.

Year-end procedures

Appropriate accounting procedures are used and can be followed through from working papers to final documents
Verifying sample payments and income
Checking creditors and debtors where appropriate.

End of year accounts are prepared on a Receipts & Payments basis.

Sole Trustee

The Council has met its responsibilities as a trustee

The Council is not a sole trustee.

Internal Audit Procedures

The 2024-2025 Internal Audit report was considered by the Council at a meeting held on 15/5/2025 (Ref: 14.5) and 26/6/2025 (Ref: 9.7), where the recommendations were considered.

A review of the effectiveness of the Internal Audit was carried out on 26/6/2025 (Ref: 9.7).

Heelis & Lodge were appointed as Internal Auditor at a meeting held on 22/1/2026 (Ref: 7.8).

External Audit

The Council formally approved the 2025 AGAR at a meeting of the full Council held on 26/6/2025 (Ref: 9.5.1 & 2).

The External Auditor's report was considered at a meeting held on 27/10/2025 (Ref: 9.10.25).

The following matters were brought to the attention of the Council:

2 External auditor's limited assurance opinion 2024/25

Except for the matters reported below, on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return (AGAR), in our opinion the information in Sections 1 and 2 of the AGAR is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

Section 1, Assertion 5 has been incorrectly completed. Information received from the smaller authority highlights that risk management arrangements were not reviewed and approved by the authority as a whole during the year. As a result, this assertion should have been answered 'No'. This is consistent with the Internal Auditor's response to Internal Control Objective C.

The AGAR was not accurately completed before submission for review. The responses given in Section 1, Box 9 and Section 2, Boxes 11 (a) and (b) are not consistent. The smaller authority has confirmed that it is not a sole managing trustee and therefore the response to Section 2, Box 11 (a) should be 'No'.

Other matters not affecting our opinion which we draw to the attention of the authority:

We note that the smaller authority did not comply with Regulation 15 of the Accounts and Audit Regulations 2015 as it failed to make proper provision during the year 2025/26 for the exercise of public rights, since the approval date was after the start of the period for the exercise of public rights. As a result, the smaller authority must answer 'No' to Assertion 4 of the Annual Governance Statement for 2025/26 and ensure that it makes proper provision for the exercise of public rights during 2026/27.

In the completion of the Annual Internal Audit Report, and their detailed report, the internal auditor has drawn attention to weaknesses in relation to recording certain matters in relation to the internal and external audit in the minutes. The smaller authority must ensure that action is taken to address these areas of weakness in a timely manner.

Contact details : 1 Hembling Terrace, Mill Lane, Suffolk, IP13 0PP

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Heather Heelis Dip HE Local Policy FILCM

Lynne Lodge Dip HE Local Policy

Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 15/5/2025. The first item of business was the Election of Chairman, in accordance with Standing Orders.
- There are no additional comments/recommendations to make in relation to this audit.
- I would like to record my appreciation to the Clerk to the Council for their assistance during the course of the audit work



Heather Heelis
Heelis & Lodge
15 June 2026

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Local Council Services • Internal Audit

www.heelisandlodge.co.uk

INVOICE

To:

Hermitage Parish Council

Invoice No: HL9753

Date: 15 June 2026

Details	Quantity	Amount (£)	Total (£)
To carry out Internal Audit for the year ended 31 March 2026	1	285.00	285.00
(£50,001 - £100,000 banding)			
Courier (shared between 3 councils)	1	13.33	13.33
Total			289.33

Please make cheques payable to: H J Heelis

Bank Details: Account 92002930 Sort Code 40-47-80

NB Change to bank account details

Terms 14 Days

Thank you.

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