Report to Shottisham Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2026

1. Introduction and Summary.

1.1 The Internal Audit for the year 2025/26 confirmed that the Council continues to maintain effective governance arrangements including a robust and effective 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 maintains an effective system 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 as the Council's Responsible Financial Officer (RFO), satisfactorily undertook the administration of the Council's financial affairs and produced satisfactory financial management information to enable the Council to make well-informed decisions.

1.3 The Council's documents and information were very well presented by the Clerk/RFO for the Internal Audit.

1.4 The Accounts for the year confirm the following:

Total Receipts for the year:	*£7,886.35*
Total Payments in the year:	*£5,156.92*
Total Reserves at year-end:	*£8,416.06*

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

Balances at beginning of year (1 April 2025):	*Box 1:*	*£5,686*
Annual Precept 2025/26:	*Box 2:*	*£6,500*
Total Other Receipts:	*Box 3:*	*£1,386*
Staff Costs:	*Box 4:*	*£2,100*
Loan interest/capital repayments:	*Box 5:*	*nil*
All Other payments:	*Box 6:*	*£3,056*
Balances carried forward (31 March 2026):	*Box 7:*	*£8,416*
Total cash/short-term investments:	*Box 8:*	*£8,416*
Total fixed assets:	*Box 9:*	*£55,973*
Total borrowings:	*Box 10:*	*nil*

1.6 Sections One and Two of the AGAR are due to be approved at a forthcoming meeting of the Council. The Internal Auditor has completed the Annual Internal Audit Report 2025/26 within the AGAR.

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1.7 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 Parish Council's AGM took place on 13 May 2025. The first item of business was the Election of a Chair, as required by the Local Government Act 1972.

2.2 Standing Orders are in place and were formally adopted by the Council at the AGM on 13 May 2025. The Standing Orders are based on the model documents and guidance published by the National Association of Local Councils (NALC). A copy has been published on the Council's website.

2.3 Similarly, Financial Regulations are in place. The updated Regulations were reviewed and formally adopted by the Council at the meeting held on 13 May 2025. The Regulations are based on the model Financial Regulations published by NALC. A copy has been published on the Council's website.

2.4 The Minutes of the Council's meetings are well presented and provide clear evidence of the decisions taken by the Council in the year. The Minutes demonstrate good practice by including 'Updates from actions from the previous meeting' and 'Action Points arising' from the meeting itself. Each page of the Minutes is signed/initialled by the Chair to ensure that a lawful and authentic record is maintained.

2.5 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 Z3516076 refers, expiring 22 January 2027). The Council has a Data Protection and Information Management Policy in place which assists compliance with the General Data Protection Regulations (GDPR). The Policy was reviewed and approved for continued application by the Council at its meeting on 10 March 2026.

2.6 The Council re-adopted the Local Government Association (LGA) Councillor Code of Conduct at the meeting on 13 May 2025 and the Code was noted at the meeting on 10 March 2026. The Code is in place for the purposes of discharging the Council's duty to promote and maintain high standards of conduct within its area. A copy of the Code has been published on the Council's website.

2.7 A Website Accessibility Statement has been constructed by the website host Suffolk Cloud and published on the Council's website in response to the Website Accessibility requirements.

2.8 At the meeting on 9 September 2025 the Clerk/RFO reported that the Council was compliant with the new Assertion 10 (Digital and Data Compliance) within the

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2025/26 Annual Governance Statement. This includes (inter alia) registration of the website with an official .gov.uk domain name and an approved IT Policy in place, as detailed in the 2025/26 Practitioners' Handbook.

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 and Cheque Book counterfoils and the financial information prepared by the Clerk/RFO. A sample of transactions was examined in detail and confirmed with the supporting invoices and vouchers.

3.2 Payments under the Local Government Act 1972 Section 137 are separately identified in the Cashbook Spreadsheet and Receipts and Payments Account.

3.3 VAT payments are separately identified in the Cashbook Spreadsheet to assist future claims to HMRC for re-imbursement. A VAT re-claim for the £1,059.92 VAT paid during the period 6 April 2024 to 31 March 2025 was submitted by the Clerk/RFO to HMRC on 9 April 2025 and received at bank on 2 May 2025.

3.4 The Clerk/RFO submitted a re-claim of £278.90 to HMRC on 14 April 2026 for the VAT paid during the period 6 April 2025 to 31 March 2026.

3.5 The Clerk/RFO has constructed an Analysis of Variances (explaining significant differences in receipts and payments between the years 2024/25 and 2025/26) for publication on the Council's website.

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

4.1 Bank Reconciliations were completed by the Clerk/RFO during the course of the year of account.

4.2 As at 31 March 2026 the Unity Trust Bank Current Account Statement displayed a balance of £685.34 and the Instant Access Deposit Account displayed a balance of £7,730.72. The overall total of £8,416.06 reconciled with the End of Year Accounts.

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 examined and found to be in order.

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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 Council has an Internal Control Statement in place and a copy is published on the Council's website. The Statement was updated and approved by the Council at its meeting on 9 September 2025 (Minute 10-09/09/25 refers),

6.2 The Council's Risk Assessment document provides details of identified risks, the level of risk (H, M or L), the internal control arrangements in place to mitigate the risks, the actions taken by the Council and Clerk/RFO in that respect and confirmation of the adequacy of the procedures in operation. The Risk Assessment is detailed under the headings of Financial and Management and Physical Equipment/Areas. A copy of the Risk Assessment has been published on the Council's website.

6.3 At its meeting on 10 March 2026 the Council reviewed the Risk Assessments and Internal Control Arrangements. The Council noted that the Financial Risk Assessment and Playground Risk Assessment had been updated by the Clerk/RFO for 2026/27 and that the Internal Control Arrangements had also been updated for 2026/27.

6.4 The Council accordingly complied with the Accounts and Audit Regulations 2015 which require 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 the management of risk, with the review suitably Minuted.

6.5 Insurance was in place for the year of account. At the meeting on 9 September 2025 the Council reviewed the paperwork and agreed to the renewal of the policy.

6.6 Payment of the premium for the insurance cover to Business Services at CAS took place on 8 October 2025. The insurance year runs from 1 October 2025 to 30 September 2026. The Policy had a cost of £421.40 and is provided by Ansvar Insurance. The Employer's Liability cover and the Public Liability cover each stand at £10m. The Fidelity Guarantee (Councillor/Employee Dishonesty) cover stands at £25,000, 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.

6.7 One of the most significant risks for many smaller local councils relates to play equipment. In this respect, the Council receives regular reports upon playground issues with an annual RoSPA level inspection being undertaken.

6.8 At its meeting on 11 November 2025 the Council considered the annual RoSPA Inspection Report and the remedial action required to be taken. The RoSPA report in September 2025 had identified several medium-risk areas in the playground which could require some maintenance work. Two Councillors were nominated to examine the playground and prioritise what needed to be done so that an action plan could be prepared to resolve these issues before the Spring 2026.

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6.9 At the meeting on 11 November 2025 the Council noted that the Emergency Plan had not been updated since December 2023 and there are several items that required updating. The Clerk/RFO would update the contents of the Plan on receiving confirmation that volunteers are still active and agree to their contact details to be made public. The Emergency Plan would then be uploaded to the website to make it more accessible to the village.

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

7.1 Shottisham Parish Council is designated as a 'Smaller Council'. The Council's website is: *http://shottisham-pc.gov.uk*

7.2 Smaller Councils should publish on their website:

a) ***All items of expenditure above £100.*** Included within the published Minutes and Reports to 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 within 2024/25 AGAR Annual Return.*** Published on website.
e) ***List of councillor or member responsibilities.*** A List of Councillors is published on website.
f) ***The details of public land and building assets (Asset Register).*** Asset Register published on website.
g) ***Minutes, agendas and meeting papers of formal meetings.*** Published on website.

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

7.4 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 appropriate document was readily accessible 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.

7.5 The remaining documents required to be published, as listed in the AGAR Page 1 Guidance Notes, include the Certificate of Exemption, Bank Reconciliation and Explanation of Significant Variances. At the time of the audit they were confirmed as being easily accessible on the Council's website.

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

Precept 2025/26: £6,500.00 (14 January 2025, Minute 6-14/01/25 refers).

Precept 2026/27: £6,500.00 (13 January 2026, Minute 6-13/01/26 refers).

8.1 The precepts were agreed in Full Council and the precept decision and amount have been clearly Minuted. The Clerk/RFO ensures that 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.

8.2 Good budgetary procedures are in place. The Council considered a Draft Budget for 2025/26 at its meeting on 12 November 2024 and agreed that a final Budget, with proposals for the level of Precept, would be considered at the meeting in January 2025. The Draft Budget was approved and the Precept formally agreed by the Council at its meeting on 14 January 2025.

8.3 Similarly, the Council considered a Draft Budget for 2026/27 at its meeting on 11 November 2025 and identified spending requirements for the year. The Council agreed that a final Budget, with proposals for the level of Precept, would be considered at the meeting in January 2026. At the meeting on 13 January 2026 the Council confirmed the 2026/27 Budget and agreed the Precept requirement.

8.4 The Overall Reserves available to the Council at the year-end 31 March 2026 were £8,416.06. There were no Earmarked Reserves recorded in the accounts.

8.5 The General Reserves (Overall Reserves less Earmarked/Restricted Reserves) were accordingly £8,416.06 and are in line with the generally accepted position that non-earmarked revenue reserves should be at least between three and twelve months of Net Revenue Expenditure/Precept (the SAPPP Practitioners'' Guide, Item 5.34 refers).

8.6 As at 31 March 2026 the Council maintained sufficient Overall Reserves and contingency sums to meet, within reason, any unforeseen items of expense that may occur.

9. Income Controls *(regarding sums received from Precept, Grants, Loans and other income).*

9.1 Income was reported to Council during the year of account as a matter of routine. The amount totalling of £7,886.35 recorded in the year and consisted of Precept (£6,500), VAT repayment from HMRC (£1,059.92), Grants/Donations (£100) and Bank Interest (£176.43) and Miscellaneous Income (£50).

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

10.1 No Petty Cash is held. An expenses system is in place with cheques made out for expenses incurred.

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

11.1 Payroll Services are being operated in-house. PAYE is being operated with payments being made to HMRC. The P60 End of Year Certificate for the Clerk/RFO was presented to the Internal Auditor.

11.2 In March 2023 the Council reviewed the Clerk/RFO's salary against the National Salary Award for Local Government Officers and agreed to increase the salary to Scale Point 15 (Minute 11-07/03.23 refers). At the meeting on 11 November 2025 the Council approved an increase to the Clerk/RFO's salary for the 2026/27 year as part of the Budget considerations.

11.3 With regard to the Council meeting the legislation on workplace pensions, the Clerk/RFO confirmed that the latest re-declaration of compliance to the Pensions Regulator was made on 13 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).

12. Assets Controls *(Inspection of asset register and checks on existence of assets; recording of fixed asset valuations; cross checking on insurance cover).*

12.1 A copy of the Asset Register was reviewed, updated and agreed by the Council at the meetings held on 13 May 2025 and 10 March 2026, when the Clerk/RFO confirmed to the Council that the insurance policy remained adequate to cover the Council's assets for 2026/27.

12.2 As at 31 March 2026 the Asset Register displayed a total of £55,973.34, unchanged from the value as at the end of the previous financial year, 31 March 2025.

12.3 The Register complies with the current requirements which provide that each asset should be recorded at a consistent valuation, year-on-year. Assets are recorded at original purchase cost. The value as at 31 March 2026 has been correctly entered into Box 9 of the AGAR 2025/26.

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13. 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).***

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

13.2 Details of payments made and income received are listed within the Minutes of the Council's meetings as part of the Council's overall framework of financial control.

13.3 Online banking is in place. The Clerk/RFO initiates the payment by setting up the payment details which are then authorised by two nominated Councillors to release the payment. A copy of the payment confirmation is attached to the invoice/voucher and displays the payment details with the names of the authorising Councillors and the date and the time of each authorisation.

13.4 The Internal Verifier's Report for 2024/25 and the Internal Audit report for the year 2024/25 were received by the Council at its meeting on 13 May 2025. The audit report confirmed that the Council had maintained effective financial administration and internal control arrangements during the year 2024/25 and no issues of concern were raised.

13.5 The Internal Auditor for the year 2025/26 was formally appointed by the Council at the meeting held on 10 March 2026.

14. External Audit ***(Exemption Certificate completed. Any recommendations put forward/comments made by External Auditors following the annual review).***

14.1 An External Audit was not required in the year 2024/25. At its meeting on 13 May 2025 the Council agreed to complete the Certificate of Exemption from a Limited Assurance Review for 2024/25. A copy of the Certificate has been published on the Council's website.

14.2 For the year 2025/26 the Council may similarly apply for Exemption from a Limited Assurance Review under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015 as the higher of gross income or gross expenditure did not exceed £25,000 in the year of account.

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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 and for carefully presenting the Council's documentation for the audit.

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Internal Auditor

21 April 2026

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