East Midlands Audit Services Ltd

INTERNAL AUDIT REPORT/CHECKLIST FOR HOLMESFIELD PARISH COUNCIL FOR THE YEAR ENDING 31 MARCH 2026

Further to the Internal Audit of Accounts I carried out on 3 May 2026, I confirm that the annual audit was carried out in accordance with the suggested approach contained in the Smaller Authorities Proper Practices Panel (SAPPP) - Practitioners' Guide 2025 to be applied in the preparation of statutory annual accounts and governance statements 2025/26.

Page 3 of the 2025/26 AGAR form has been signed off accordingly.

Signed  3 May 2026

East Midlands Audit Services Ltd

1. Book Keeping			**Comments**
1.1	Ledgers maintained and up to date?	Yes	Excel spreadsheet
1.2	Arithmetic correct?	Yes	

2. Financial Regulations and Standing Orders			**Comments**
2.1	Standing Orders adopted, up to date and reviewed annually?	Yes	FC 12/05/2025 9/25-26
2.2	Financial Regulations adopted, up to date and reviewed annually?	Yes	FC 12/05/2025 9/25-26
2.3	FRs properly tailored to council?	Yes	
2.4	RFO appointed – In accordance with proper practices and with reference to section 151 of the Local Government Act 1972.	Yes	
2.5	Review of procedures in place for acquisition of formal tenders and quotes ensuring they are in line with the SO & FR which should be based on the latest version	Yes	

2.6	Ensure that consistent values are in place for acquisition of formal tenders between SO & FR (different values may be in two documents)	Yes	
2.7	Review the procedures for receipts of invoices, agreement of invoice detail and confirmation of goods/services delivery and approval for payment	Yes	
2.8	Check that there is effective segregation between the writing of cheques and or setting up of online payments and physical release of payments	Yes	
2.9	List of member interests held?	Yes	
2.10	Agendas signed, informative and displayed with 3 clear days' notice? Local Government Act 1972, Schedule 12 Part 2, paragraph 10, sub paragraph 2. APM 7 clear days LGA 1972, Sch 12, para 15.	Yes	Checked agendas issued throughout 2025/26.

3. Payment Controls			**Comments**
3.1	Is there supporting paperwork for payments with appropriate authorisation (two signatories)(Full Council Approval) ?	Yes	
3.2	Check that VAT reclaims are prepared and submitted in a timely manner in line with the underlying records and in accordance with current HMRC requirements	Yes	VAT returns submitted quarterly Q4 7 May 2026 – reclaim £303.66 Q3 7 February 2026 – reclaim £199.74 Q2 7 November 2026 – reclaim £3,166.00 Q1 7 August 2026 – payment £50.09
3.3	Has the Council adopted the General Power of Competence (GPC) and is there evidence this is being applied correctly?	Yes	FC 12/05/2025 8/25-26

	(At least 2/3 elected members and a qualified Clerk (CilCA or higher) resolved at the Annual Council meeting after an election)		
3.4	S137 separately recorded and within limits?	Yes	
3.5	S137 expenditure of direct benefit to electorate?	Yes	
3.5	S137 expenditure minuted?	Yes	
3.6	Where applicable, are payments of interest and principal sums in respect of loans paid in accordance with agreements?	N/A	No loans
3.7	Where debit/credit cards are in use, establish the total monthly and individual transaction limits and ensure appropriate controls over physical security and usage of the cards are in place.	N/A	

4. Risk Management			**Comments**
4.1	Does scan of minutes reveal any unusual activity?	No	
4.2	Annual risk assessment carried out at least annually?	Yes	Next Review May 2026
4.3	Insurance cover appropriate and adequate – employment, public liability and fidelity guarantee and has been reviewed on an annual basis?	Yes	Insurance renewal to be approved by Full Council annually
4.5	Internal financial controls documented and evidenced?	Yes	
4.6	Evidence that a review of the effectiveness of internal audit was conducted during the year, including consideration of the independence and competence of the internal auditor prior to their appointment	Yes	FC 08/10/2025 70/25-26 Terms of engagement reviewed by FC and approved.
4.7	Ensure that appropriate arrangements are in place for monitoring play areas, open spaces and sports pitches; such	Yes	Weekly inspections, annually by ROSPA independent inspector.

	reviews should be undertaken by appropriately qualified external inspectors or, if by officers or members that they have received the appropriate training and accreditation		

5. Budget			**Comments**
5.1	Annual budget has been properly prepared before the budget is set and agreed at Full Council.	Yes	FC 14/01/2026 101/25-26
5.2	Ensure that the precept received in the accounts matches the prior year submission form to the relevant authority and the public record of precepted amounts.	Yes	£48.000
5.3	Precept amount has been agreed at Full Council and clearly minuted	Yes	FC 14/01/2026 101/25-26 £53,000
5.4	Reserves held – general and earmarked Reserve Policy held?	Yes	General Reserves - £15,995 EMR £17,000 Reserve Policy to be considered.
5.5	Regular reporting of expenditure and variances from budget?	Yes	

6. Income Controls			**Comments**
6.1	Is income properly recorded and promptly banked?	Yes	
6.2	Is income reported to Full Council?	Yes	
6.3	Does the precept record agree to the Council Tax Authority's notification?	Yes	
6.4	Review of 'aged debtors' listings to ensure appropriate follow up action is in place.	N/A	
6.5	Allotments; ensure that appropriate signed tenancy agreements exist, that an appropriate register of tenants is	N/A	

	maintained, identifying that debtors are monitored.		
6.6	Burials: ensure that a formal burial register is maintained, that it is up-to-date and that a sample of interments and memorials are appropriately evidenced, that fees have been charged at the correct approved rate and been recovered within a reasonable time: (Authorities should also acquire and retain copies of Burial / Cremation certificates)	N/A	
6.7	Hall hire: ensure that an effective diary system for bookings is in place identifying the hirer, hire times and ideally cross-referenced to invoices raised.	Yes	
6.8	Other variable income streams: ensure that appropriate control procedures and documentation are in existence to provide a clear audit trail through to invoicing and recovery of all such income.	Yes	

7. Petty Cash			**Comments**
7.1	Is petty cash in operation?	No	No petty cash held
7.2	If appropriate, is there an adequate control system in place?	N/A	
7.3	Review the systems in place for controlling any petty cash and also cash floats (used for bar, catering, etc).	N/A	
7.4	Check a sample of transactions during the financial year to ensure appropriate supporting documentation is held.	N/A	
7.5	Review the existence of evidenced periodic independent verification of the petty cash and any other cash floats held.	N/A	
7.6	Ensure that VAT is identified wherever incurred and appropriate	N/A	

7.7	Physically check the petty cash and other cash floats held.	N/A	
7.8	Where bar or catering facilities are in place, ensure that appropriate cashing-up procedures are in place reconciling the physical cash takings to the till “Z” total	N/A	

8 . Payroll – Staff			**Comments**
8.1	Ensure that, for all staff, a formal employment contract is in place together with a confirmatory letter setting out any changes to the contract.	Yes	Contracts provided
8.2	Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability.	N/A	
8.3	Ensure that, for a sample of staff salaries, gross pay due is calculated in accordance with the approved spinal point on the NJC scale or hourly rate, if off-scale, and also with the contracted hours.	Yes	
8.4	Ensure that appropriate tax codes are being applied to each employee.	Yes	
8.5	Where free or paid for software is used, ensure that it is up to date.	Yes	HMRC Basic Tools
8.6	For the test sample of employees, ensure that tax is calculated appropriately.	Yes	
8.7	Check the correct treatment of Pension contributions	Yes	NEST
8.8	Ensure that the correct employers’ pension percentage contribution is being applied.	Yes	

8.9	For NI, ensure that the correct deduction and employer's contributions are applied: NB. the employers allowance is not available to councils but may be used by other authorities	Yes	
8.10	Ensure that for the test sample, the correct net pay is paid to the employee with tax, NI and pension contributions correctly paid to the respective agencies	Yes	
8.11	Has council approved salary paid?	Yes	
8.12	Have pension re-declaration duties been carried out?	Yes	20 October 2025
8.13	Other payments reasonable and approved by council?	Yes	
8.14	Minimum wage paid?	Yes	

9. Asset Control			**Comments**
9.1	Ensure that the Authority is maintaining a formal asset register and updating it routinely to record new assets at historic cost price, net of VAT and removing any disposed of/ no longer serviceable assets.	Yes	Assets held £472,138
9.2	Ideally, the register should identify for each asset the purchase cost and, if practicable, the replacement/ insured cost, the latter being updated annually and used to assist in forward planning for asset replacement.	Yes	
9.3	Additions and disposals records should allow tracking from the prior year to the current.	Yes	Tracked each year
9.4	Ensure that the asset value to be reported in the AGAR at section 2, line 9 equates to the prior year reported value, adjusted for the nominal value of any changes.	Yes	Assets 31/03/2025 - £471,809 Assets 31/03/2026 - £472.138 Difference – £329.00 (Laptop)
9.5	Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured or "self-insured" by the Authority.	Yes	

9.6	Leases: ensure that leases are reviewed in a timely manner in accordance with the terms of the lease and rents similarly reviewed appropriately at the due time.	N/A	
Fixed asset investments:			
9.7	Ensure that all long-term investments (i.e., those for more than 12 month terms) are covered by the "Investment Strategy" and reported as Assets in the AGAR at section 2, line 9.	N/A	

10. Borrowing and Lending			**Comments**
10.1	Ensure that the authority has sought and obtained appropriate UK Debt Management Office approval for all loans acquired.	N/A	No loans
10.2	Ensured that the authority has accounted for the loan appropriately (i.e., recorded the full value of the loan, any arrangement fee should be regarded as an admin expense) in the year of receipt.	N/A	No loans
10.3	Ensure that the combined principal loan repayment and interest for the year is correctly recorded in the AGAR at section 2 line 5.	N/A	No loans
10.4	Ensure that the outstanding loan liability as at 31st March each year is correctly recorded in the AGAR at section 2, line 10 (value should be verified from the lender and verification provided to the IA by the clerk/RFO).	N/A	No loans
10.5	Where the Authority has issued loans to local bodies, they should ideally seek signed indemnities from the recipient body, or their members, agreeing to underwrite the loan debt.	N/A	No loans issued

11. Bank Reconciliations			Comments
11.1	Is there a bank reconciliation for each account?	Yes	
11.2	Reconciliation carried out on receipt of statement?	Yes	
11.3	Do the individual bank balances agree with the bank statements as at 31 March?	Yes	£32,994.53
11.4	Is there regular reporting of bank balances at Council meetings?	Yes	Every monthly FC meeting

12. Year End Procedures			Comments
12.1	Has the appropriate end of year AGAR documents been completed?	Yes	
12.2	Whilst IAs are not required to verify the accuracy of detail to be disclosed in the AGAR, this assertion, together with the expectation of most Authorities, effectively requires IAs to ensure that the financial detail reported at section 2 of the AGAR reflects the detail in the accounting records maintained for the financial year. Consequently, IAs should: ● Ensure that, where annual turnover exceeds £200,000, appropriate records are maintained throughout the year on an Income and Expenditure basis to facilitate budget reporting in that vein. ● Ensure that appropriate accounting arrangements are in place to account for debtors and creditors during the year and at the financial year-end.	Yes	Receipts and Payments
12.3	IAs should ensure that, all relevant criteria are met (receipts and payments each totalled less than £25,000) ● the correct exemption certificate was prepared and minuted in accordance with the statutory submission deadline; ● that it has been published, together with all required information on the Authority's website and noticeboard.	N/A	
12.4	IAs should review the Authority's website ensuring that all required	Yes	

	documentation is published in accordance with the relevant legislation.		
12.5	IAs should acquire / examine a copy of the required "Public Notice" ensuring that it clearly identifies the statutory 30 working day period when the Authority's records are available for public inspection. IAs may also check whether authorities have minuted the relevant dates at the same time as approving the AGAR.	Yes	3 June 2026 to 14 July 2026
12.6	IAs should ensure that the statutory disclosure / publication requirements in relation to the prior year's AGAR have been met as detailed on the front page of the current year's AGAR.	Yes	Notice of conclusion of audit – 6 August 2025
12.7	Roll forward of the prior year cashbook balances to the new financial year	Yes	
12.8	Sample Financial Transactions in cashbooks to bank statements (Appendix 1)	Yes	As below

13. Internal Audit			**Comments**
13.1	Has the Council considered the previous internal audit report?	Yes	No comments made during internal audit. IA 12/05/2025 14/25-26
13.2	Has appropriate action been taken regarding the recommendations raised?	N/A	No recommendations made.
13.3	Has the Council confirmed the appointment of an internal auditor?	Yes	FC 08/10/2025 70/25-26
13.4	Has the letter of engagement been approved by Full Council?	Yes	FC 08/10/2025 70/25-26

14. External Audit			Comments
14.1	Has the Council considered the previous external audit report?	Yes	No comments made during external audit. EA 13/08/2025 49/25-26
14.2	Has appropriate action been taken regarding the comments raised?	N/A	No comments raised.
15. Other Information			**Comments**
15.1	Was the annual meeting held in accordance with legislation? (First item of business – appoint Chair) (Annual Council meeting to be held in May)	Yes	12/05/2025 1/25-26
15.2	Is there evidence that Minutes (Full Council and all Committees) are administered in accordance with legislation? (LGA 1972 schedule 12 Para 41(1) and 44 – Unapproved minutes of the meeting should be formally approved (with any necessary amendments) at the next meeting. The Chair is given formal approval to sign the minutes)	Yes	
15.3	Is there a list of members interests held?	Yes	
15.4	• Confirm that all charities of which the council is a Trustee are up to date with CC filing requirements. • that the council is the sole trustee on the Charity Commission register. • that the council is acting in accordance with the Trust deed. • that the Charity meetings and accounts are recorded separately from those of the council. • review the level and activity of the charity and where a risk	N/A	

	based approach suggests such, review the Independent Examiners report.		
15.5	Has the Transparency code been correctly applied, and information published in accordance with current legislation?	Yes	
15.6	Has the Council registered with the Information Commissioners Office (ICO)?	Yes	ZA332522 Expiry – 01/05/2027 Tier 1
15.7	Is the Council compliant with the General Data Protection requirements?	Yes	Next review 13 May 2026
15.8	Has the Council published a website accessibility statement on their website in line with Regulations?	Yes	13 March 2026
15.9	Does the Council have official email addresses/ for correspondence owned and paid for by Council?	Yes	clerk@holmesfieldparishcouncil.gov.uk
15.10	Is the Council website meeting WCAG2.2AA (Website accessibility guidelines)?	Yes	AIM score 9.8 out of 10
15.11	Has the Council updated their website accessibility statement?	Yes	13 March 2026
15.12	Does the Council have an up to date IT Policy?	Yes	11 March 2026 120/25-26
15.13	Is there evidence that electronic files are backed up?	Yes	Backed up on separate hard drive.
15.14	Do the terms of reference exist for all committee and is there evidence these are regularly reviewed?	N/A	

Annual Return (Page 5)			
		Year ending 31 March 2025	Year ending 31 March 2026
		£	£
1	Balances brought forward	46,195	37,145
2	Annual precept	45,000	48,000
3	Total other receipts	33,136	27,683
4	Staff costs	25,412	28,675
5	Loan interest/capital repayments	0	0
6	Total other payments	61,774	51,158
7	Balances carried forward	37,145	32,995
8	Total cash and investments	37,145	32,995
9	Total fixed assets and long term investments and assets	471,809	472,138
10	Total borrowings	0	0
11	Section 2 annual return figures completed and cross referenced	Yes	Yes

Appendix 1

Payee invoice check	Robert Barnes Construction	Whittington Moor Printing
Ledger date	26/10/2025	29/09/2025
Item/Budget heading	Repairs	Newsletter
Ref/cheque no.	BACS	BACS
Payment minute ref	101/25-26	38/25-26
Invoice value	£816.00	£537.00
Minute value	£816.00	£537.00
Payment value	£816.00	£537.00
Bank Statement value	£816.00	£537.00
Timely payment	Yes	Yes
VAT recorded	Yes (£136.00)	Yes (£0.00)
S137 recorded	N/A	N/A
S137 minuted	N/A	N/A

Conclusion:
Based on the audit review, I am satisfied that the Parish Council demonstrates sound overall financial management and governance, with only minor recommendations for improvement as noted in this report.

Insurance

Insurance renewals should be presented to and formally approved by the Full Council on an annual basis to ensure appropriate governance, transparency, and scrutiny of coverage and costs.

Reserves Policy

A formal reserves policy should be developed and approved, outlining:

- Types of reserves (general and earmarked)
- Target reserve levels
- Conditions for use of reserves
- Process for regular review

The Clerk and/or RFO should certify the accounts before the full council approves them.

The Notice for the public inspection period must detail that it is for a single period of 30 working days and must include the first ten days of July (ie 03.06 – 14.07 or 01.07-11.08