

**Principal Sue Hackett**

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Date 2 May 2026

Dear Kathy,

**RE: DAWLEY HAMLETS PC INTERNAL AUDIT 25/26 – FINAL REPORT**

The audit has been carried out remotely using a risk assessment basis approach and examines the Council's compliance with its relevant procedures and best practice as documented in the Practitioners' Guide '25. I have now completed the remaining internal control objectives which support the Annual Internal Audit Report within the 25/26 Annual Governance Accounting Return (AGAR) positively. I trust this report and the interim report (dated 21/12/25) will assist the Council when completing Section 1 & 2 of the AGAR. The following supports my conclusions:

Internal control objectives	Facts	Achieved?
A. Appropriate accounting records have been properly kept throughout the financial year.	The primary accounts record examined 1-4-25 to 31-3-26 (i.e. the excel receipts and payments ledger) was found to be comprehensive, accurate and complete providing a full audit trail to documents, council minutes. The ledgers are linked to other financial sheets providing a comprehensive suite of accounting information e.g. Budget Monitoring Outturn Reports. The opening balance was agreed to the previous year's AGAR closing bank balance and detailed testing of a sample of transactions per the accounts supports its accuracy. (See B & E & I below.)	<b>Yes</b>
B. Council complied with its financial regulations, payments were supported by invoices/vouchers, all expenditure was approved and VAT was appropriately accounted for.	Total Payments £99,250 A sample of 9 payments were agreed between the Council minutes, and payments ledger. A further 7 were selected from the payments ledger and agreed to Council minutes. 15 of which were traced to supporting invoices, receipts and pay advices. A random selection of payments from bank statements were also successfully traced to the payments ledger. Payments are made online; the RFO sets up payment details and two councillors set up to authorise payments log into the bank's system following the Council meeting to authorise the payments. All invoices examined had been initialed by two councillors. VAT was found to be appropriately accounted for within the accounts and Financial Regulations were complied with, quotes routinely sought.	<b>Yes</b>

<p>C. Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</p>	<p>A framework of policies and procedures have been adopted by the Council and are readily available on the Council's website; these mitigate against significant risks to achieving its objectives. These include the following, this list is not however exhaustive:</p> <p>Standing Orders revised &amp; adopted May 2025 Financial Regulations readopted May 2025 Social Media Policy readopted in May 2025 GDPR Privacy Policy &amp; Notice readopted in May 2025 Complaints Policy readopted in May 2025 Risk Assessment &amp; Management Policy adopted in May 2025</p> <p>The Council has assessed significant risks including those associated with IT, Cyber security, internet &amp; email use and Data Protection in a separate IT Policy which was adopted in February 2026; in response to Assertion 10.</p> <p>In addition it has been noted that:</p> <ul style="list-style-type: none"> <li>- Suitable arrangements are in place to protect Council assets via insurance (Zurich) and regular maintenance.</li> <li>- Good internal financial control checks have been routinely carried out by councillors throughout the year.</li> <li>- The Council's Strategic Plan has been updated in year. In January'25 Council realigned its earmarked reserves to meet its objectives during the 26/27 Budget setting process.</li> </ul>	<p><b>Yes</b></p>
<p>D. The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored by the Council; and reserves were appropriate.</p>	<p>Budget Monitoring - The Clerk/RFO regularly issues a monthly financial monitoring report prior to Council meetings; which is discussed at each meeting and signed as adopted by the Chair. The report includes Schemes and projects and includes committed expenditure. The December report was examined in detail and the supporting bank reconciliation agreed by the Auditor to bank statements. Evidence was sighted of the Chairman having formally approved the report and bank reconciliation to statements.</p> <p>Budget Setting 2026-27 – The Clerk/RFO presented a budget report and forecast taking into account 4% increase in staff costs and expected cost of community projects £29,262. The resulting report and budgeted expenditure £85,762 was presented to Full Council at the Jan '26 meeting where it was resolved that a Precept of £83,762 be requested as</p>	<p><b>Yes</b></p>

	<p>expected interest receipts of £2,000 were taken into account to meet the expected outturn of £85,762.</p> <p>Reserves – The closing balance as at 31/3/26 was £176,348; approximately two thirds of which is made up of ear marked reserves and specific projects. The General Reserve is in keeping with JPAG guidance. The ear marked reserves were reviewed in detail when the Council set its budget and precept for 26/27 and decisions made are minuted in Jan'26.</p>	
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked.	<p>Total Receipts £87,880 Precept receipts of £82,600 and VAT refund of £1,182 were agreed to supporting remittances/claims. A sample of bank interest receipts totaling £3,576 of the annual total £4,098 were also agreed to supporting bank statement records.</p>	<b>Yes</b>
F. Petty Cash has been properly accounted for.	None held as per Clerk/RFO.	<b>Yes</b>
G. Payroll – Salaries to employees and allowances to members were paid in accordance with the authority's approvals and PAYE & NI requirements properly applied.	<p>All pay calculations are processed using HMRC Basic Tools software and approved by Council. These were found to be accurate and in agreement with the Clerk's contract and amendment, Council decisions and National Pay Scales.</p> <p>Periods 5 and 6 payments were checked in detail; pension, PAYE &amp; NI deductions were properly applied. Evidence existed of 2 councillors checking all such calculations prior to payments being processed.</p> <p>Back pay due as a result of a national pay award being agreed in year and back dated to 1/4/25 was processed in Period 6.</p> <p>Approved Financial Rules allow for a Chairman's allowance of £500. The Chairman received in year an allowance £404; which was made up of 3 items of expenditure incurred on parish activities, no personal gain having been made. PAYE or NI treatment was not required.</p>	<b>Yes</b>
H. Asset and investment registers were accurate and properly maintained.	<p>The Asset Register as at 31/3/26 totaled £28,676, purchases and disposals (Net £2,915) have been accurately accounted for in the register in the current year. Assets are valued as per JPAG guidance. The Asset Register provides details of date of purchase and location. Arrangements are in place to protect Council assets via insurance and regular maintenance. No investment register is required.</p>	<b>Yes</b>

I Periodic Bank Reconciliations were properly carried out during the year	A bank reconciliation is provided prior to every council meeting, supporting the agenda. Usually the Chair or Vice Chair who are not bank signatories verifies the accuracy of the reconciliation against the bank statements. Evidence was sighted in the minutes of bank reconciliations being presented to Council and being checked. Copies of bank statements examined support the checks have been carried out as balances are initialed by the councillors (2). Q3 & Q4 (31/3/26) bank reconciliations were re-performed by the auditor and found to be correct.	<b>Yes</b>
J Accounting statements prepared during the year were prepared on the correct accounting basis, agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	Monthly outturn budget monitoring accounting statements are provided prior to every council meeting, supporting the agenda. Q3 & Q4 (31/3/26) were examined in detail and confirmed as having been prepared on a receipts and payments basis, populated by the excel cash book.  The AGAR Section 2 figures were agreed to Q4 budget monitoring accounting statement and cash book. They are also used in the Variance Report, reflect the yearend bank reconciliation and Fixed Asset Register. Sample testing (above) supports that the audit trail to underlying records is adequate.	<b>Yes</b>
Objectives K – N Please refer to findings which were reported in the interim audit report – no issues were reported.		<b>Yes or N/A</b>
O. The Council has complied with laws, regulations & proper practices relating to digital and data compliance.	An IT Policy was adopted in Feb 2026; following training received on Assertion 10; cyber and email security at the Jan'26 meeting.  The Clerk/RFO and councillors now have “.gov.uk generic email accounts”, on a council owned domain site, as recommended. The council now also has a .gov.uk website. These have been introduced in response to Assertion 10 within proper practices to ensure compliance.	<b>Yes</b>
P. Trust funds – the Council has met its responsibilities as a trustee (including charitable).	The Clerk/RFO confirmed that the Council is not the sole trustee of such a fund.	<b>N/A</b>

The Council is due a limited assurance audit by external audit. The Clerk/RFO has presented the necessary year end paperwork required for this submission; which supports the accounts. I would like to thank the Clerk/RFO for her assistance during the audit process. Should you or the Council have any queries with this report please do not hesitate to contact me.

Best Wishes

*Sue Hackett*