HEELIS&LODGE

Local Council Services • Internal Audit

Internal Audit Report for Dedham 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: £118,209.88 Expenditure: £122,016.08 Reserves: £266,902

2026 AGAR Completion:
Section One: Yes
Section Two: Yes
Annual Internal Audit Report 2025/2026: Yes
Certificate of Exemption: N/A

Proper book-keeping

Cash Book and reconciliation of financial transactions in Cash Book with bank statements. Supporting vouchers, invoices and receipts

VAT payments are tracked and identified in the year-end accounts. The Council hold the General Power of Competence and LGAs137 does not apply. The cashbook is referenced, providing a clear audit trail. Supporting documentation 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: Not reviewed during the year of audit.
Financial Regulations in place: Yes
Reviewed: 12th January 2026 (Ref: 190.5)

VAT reclaimed during the year: Yes Registered: No

General Power of Competence: Yes Adopted: 3rd June 2024 (Ref: 24/43).

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

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Heather Heelis Dip HE Local Policy FILCM
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Recommendation (1): *To update Standing Orders in line with the Financial Regulations regarding the £30,000 threshold of the Public Contracts Regulations 2015.*

Recommendation (2): *The council should review Standing Orders and Financial Regulations during each financial year and minute the action taken.*

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 – ZA093236 Expiry 15/01/2027

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

Insurance was in place for the year of the audit. The Risk Assessment was reviewed at a full Council meeting held on 6th October 2025 (Ref: 114.5).

Statement of Internal Controls in place: Yes

The Council have effective 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: £250,000

Recommendation (3): *The level of Fidelity cover is below the recommended guidelines of year-end balances plus 50% of the precept.*

Transparency

Compliance with **Assertion 10**:

Website link: www.dedhamparishcouncil.gov.uk

The council has just started to populate its new website in the last week. Unfortunately, I can only review what I see in front of me, like any other member of public.

Privacy Policy published: Yes
Link: https://dedhamparishcouncil.gov.uk/wp-content/uploads/2025/09/Privacy-Policy.pdf

IT Policy in place: Yes
IT Policy published: Yes
Link: https://dedhamparishcouncil.gov.uk/council/documents-compliance/

Data Protection Policy in place: No

Accessibility Statement in place: Yes
Accessibility Statement published: Yes
Link: https://dedhamparishcouncil.gov.uk/wp-content/uploads/2025/09/Accessibility-Statement-for-Dedham-Parish-Council.pdf

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 – No

Notice of Conclusion of Audit (2025)
Published – No

Under the requirements of the **Accounts and Audit Regulations 2015 13(2b)** the council is 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	No	No	No
2021 - 2022	No	No	No
2022 - 2023	No	No	No
2023 - 2024	No	No	No
2024 - 2025	Yes	Yes	Yes

The Council have not met the publication requirements.

Recommendation (4): *The Council should publish the missing information.*

Under the **Transparency code for smaller authorities**, smaller councils with income/expenditure under £25,000 should publish on their website from 1 April 2015:

Both the income and expenditure of the council exceed £25,000.

Budgetary controls Verifying the budgetary process with reference to council minutes and supporting documents

Precept: £43,574 (2025-2026) Date: 13th January 2025 (Ref: 153)
Precept: £44,693 (2026-2027) Date: 12th January 2026 (Ref: 190.3)

Effective budgetary procedures are in place. The precept was agreed in full council, and the precept decision and amount have 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 was cross-referenced with the Cash Book and bank statements.

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 – DM Payroll
Employer's Reference: 475/GA82268
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 been produced as part of the year-end process.

No eligible employees have joined the nominated pension scheme. The last date of re-declaration of compliance ***was not evidenced in the Audit file.***

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 value. The total value of assets are recorded at £411,783. 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:

Barclays Premium	*£265,901.90*
Barclays Community	*£ 1,000.00*

The Council had no outstanding loans at the year-end.

***Recommendation (5):** The council should consider the limits of the Financial Services Compensation Scheme.*

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

The Council has adequate general and earmarked reserves totalling £266,902.

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 7th July 2025 (Ref: 071.4).

A review of the effectiveness of the Internal Audit was carried out on 12th May 2025 (Ref: 25/034).

Heelis & Lodge were appointed as Internal Auditor at a meeting held on 12th January 2026 (Ref: 190.6)

External Audit

The Council formally approved the 2025 AGAR at a meeting of the full Council held on 12th May 2025 (Ref: 25/034).

Recommendation (6): *It is a requirement to agree Sections 1 and 2 of the AGAR separately and record in the minutes accordingly.*

The External Auditor's report was considered at a meeting held on 6th October 2025 (Ref: 114.3).

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

The smaller authority has disclosed that it made proper provision during the year 2024/25 for the exercise of public rights, by answering 'Yes' to Section 1, Assertion 4. However, as was reported last year, we are aware that it failed to do this and therefore should have answered 'No' to this Assertion. The smaller authority has confirmed that it has not complied with the governance Assertions in Section 1, Boxes 5 and 7, but it has provided the appointed auditor with an adequate explanation for non compliance and details of the actions necessary to address weaknesses identified. This is consistent with the internal auditor's response to internal control objective C on the Annual Internal Audit Report. In the completion of their detailed report, the internal auditor has drawn attention to weaknesses in relation to the risk assessment; internal controls; reviewing Fidelity Cover; the Financial Services Compensation Scheme; Minuting actions taken from the internal and external audit reports and minuting the approval Sections 1 and 2 of the AGAR separately. The smaller authority must ensure that action is taken to address these areas of weakness in a timely manner. The AGAR was not accurately completed before submission for review. The AGAR has been amended.

<u>Additional Comments/Recommendations</u>

- The Annual Parish Council meeting was held on 12th May 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 of the Council for her assistance during the course of the audit work and for the quality of the Audit file presented for the Internal Audit.

Dave Crimmin
Heelis & Lodge
28th May 2026

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www.heelisandlodge.co.uk

INVOICE

To:

Carol Harbach
Dedham Parish Council

Invoice No: HLD2536

Date: 28th May 2026

Details	Quantity	Amount (£)	Total (£)
To carry out Year-end Internal Audit for Dedham Parish Council for the year ended 31 March 2026.	1	350.00	350.00
Total			350.00

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.

HEELIS&LODGE

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