

Annual Internal Audit Report 2025/26

SOPLEY PARISH COUNCIL

www.sopley.gov.uk

During the financial year ended 31 March 2026, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2025/26 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	☒		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	☒		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	☒		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	☒		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	☒		
F. Cash payments were properly supported by receipts, all cash expenditure was approved and VAT appropriately accounted for.			NOT USED
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	☒		SEE REPORT
H. Asset and investments registers were complete and accurate and properly maintained.	☒		
I. Periodic bank account reconciliations were properly carried out during the year.	☒		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	☒		
K. If the authority certified itself as exempt from a limited assurance review in 2024/25, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2024/25 AGAR tick "not covered")			N/A
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	☒		
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2025/26 AGAR period, were public rights in relation to the 2024-25 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	☒		
N. The authority has complied with the publication requirements for 2024/25 AGAR (see AGAR Page 1 Guidance Notes).	☒		
O. The authority has complied with laws, regulations & proper practices relating to digital and data compliance.	☒		SEE REPORT
P. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.	☒		

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

Name of person who carried out the internal audit

28/5/26

Signature of person who carried out the internal audit

Date

28/5/26

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Section 1 – Annual Governance Statement 2025/26

We acknowledge as the members of:

SOPLEY PARISH COUNCIL

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2026, that:

	Agreed		
	XXYes	No*	'Yes' means that this authority:
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	X		prepared its accounting statements in accordance with the Accounts and Audit Regulations.
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	X		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3. We have assured ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	X		has only done what it has the legal power to do and has complied with Proper Practices in doing so.
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	X		during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	X		considered and documented the financial and other risks it faces and dealt with them properly.
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	X		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.
7. We took appropriate action on all matters raised in reports from internal and external audit.	X		responded to matters brought to its attention by internal and external audit.
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	X		disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A
			X
10. We have put in place arrangements for the effective IT and data management in accordance with proper practices during the year under review.	X		has made suitable arrangements for its IT and data management and has complied with proper practices in doing so.

*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.

This Annual Governance Statement was approved at a meeting of the authority on:

23.06.26

and recorded as minute reference:

NO 6

Signed by the Chair and Clerk of the meeting where approval was given:

Chair

Clerk

Section 2 – Accounting Statements 2025/26 for

SOPLEY PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2025 £	31 March 2026 £	
1. Balances brought forward	32047	29700	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	36000	37800	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	20967	59123	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	12152	100803	Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.
5. (-) Loan interest/capital repayments	2427	2079	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	44734	36746	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	29700	75995	Total balances and reserves at the end of the year. must equal (1+2+3) - (4+5+6).
8. Total value of cash and short term investments	29700	75995	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.
9. Total fixed assets plus long term investments and assets	29575	29575	The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.
10. Total borrowings	10000	7500	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

For Local Councils Only	Yes	No	
11 Do the figures in the accounting statements above exclude any trust transactions?	X		For guidance refer to the Practitioners' Guide sections 2.31 to 2.33.

I certify that for the year ended 31 March 2026 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval.

[Redacted Signature]

Date

23.06.26

I confirm that these Accounting Statements were approved by this authority on this date:

23.06.26

as recorded in minute reference:

MINUTE NO 6

Signed by Chair of the meeting where the Accounting Statements were approved

[Redacted Signature]

Section 3 – External Auditor’s Report and Certificate 2025/26

In respect of **SOPLEY PARISH COUNCIL**

1 Respective responsibilities of the auditor and the authority

Our responsibility as auditors to complete a **limited assurance review** is set out by the National Audit Office (NAO). A limited assurance review is **not a full statutory audit**, it does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and hence it **does not** provide the same level of assurance that such an audit would. The UK Government has determined that a lower level of assurance than that provided by a full statutory audit is appropriate for those local public bodies with the lowest levels of spending.

Under a limited assurance review, the auditor is responsible for reviewing Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with NAO Auditor Guidance Note 02 (AGN 02) as issued by the NAO on behalf of the Comptroller and Auditor General. AGN 02 is available from the NAO website – <https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/> .

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with *Proper Practices* which:

- summarises the accounting records for the year ended 31 March 2026 and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

2 External auditor’s limited assurance opinion 2025/26

(Except for the matters reported below)* on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return, in our opinion the information in Sections 1 and 2 of the Annual Governance and Accountability Return 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. (*delete as appropriate).

(continue on a separate sheet if required)

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

(continue on a separate sheet if required)

3 External auditor certificate 2025/26

We certify/do not certify* that we have completed our review of Sections 1 and 2 of the Annual Governance and Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2026

*We do not certify completion because:

External Auditor Name

External Auditor Signature Date

Sopley Parish Council

Prepared by: _____
Name and Role (Clerk/RFO etc)

Date: 23/10/24

Approved by: _____
Name and Role (RFO/Chair of Finance etc)

Date: 23/10/24

A	Bank Reconciliation at 31/03/2026		
	Cash in Hand 01/04/2025		29,700.01
	ADD Receipts 01/04/2025 - 31/03/2026		97,523.45
	SUBTRACT Payments 01/04/2025 - 31/03/2026		127,223.46
	Cash in Hand 31/03/2026 (per Cash Book)		51,228.34
B			
	Cash in hand per Bank Statements		
	Petty Cash 31/03/2026	0.00	
	Lloyds Current Account - 0018686 31/03/2026	23,443.55	
	Shirley Allotments Account - 3033 31/03/2026	4,736.02	
	Lloyds Parish Hall Account - 22819 31/03/2026	1,030.25	
	Deposit Account - 07111921 31/03/2026	46,785.30	
			75,995.12
	Less unrepresented payments		150.00
			75,845.12
B	Plus unrepresented receipts		150.00
	Adjusted Bank Balance		75,995.12
A = B Checks out OK			

Name of Smaller authority: **SOPLEY PARISH COUNCIL**

**NOTICE OF PUBLIC RIGHTS AND PUBLICATION OF
UNAUDITED ANNUAL GOVERNANCE &
ACCOUNTABILITY RETURN**

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026

**Local Audit and Accountability Act 2014 Sections 26 and 27
The Accounts and Audit Regulations 2015 (SI 2015/234)
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026**

NOTICE	NOTES
1. Date of announcement FRIDAY, 26TH JUNE 2026_____ (a) 2. Each year the smaller authority prepares an Annual Governance and Accountability Return (AGAR). The AGAR has been published with this notice. It will not be reviewed by the appointed auditor, since the smaller authority has certified itself as exempt from the appointed auditor's review. Any person interested has the right to inspect and make copies of the AGAR, the accounting records for the financial year to which it relates and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records must be made available for inspection by any person interested. For the year ended 31 March 2026, these documents will be available on reasonable notice by application to: (b) KATIE HUGHES, PARISH.CLERK@SOPLEY.GOV.UK OR 07935 448405 commencing on (c) FRIDAY, 26TH JUNE 2026 and ending on (d) MONDAY, 10TH AUGUST 2026 3. Local government electors and their representatives also have: • The opportunity to question the appointed auditor about the accounting records; and • The right to make an objection which concerns a matter in respect of which the appointed auditor could either make a public interest report or apply to the court for a declaration that an item of account is unlawful. Written notice of an objection must first be given to the auditor and a copy sent to the smaller authority. The appointed auditor can be contacted at the address in paragraph 4 below for this purpose between the above dates only. 4. The smaller authority's AGAR is only subject to review by the appointed auditor if questions or objections raised under the Local Audit and Accountability Act 2014 lead to the involvement of the auditor. The appointed auditor is: BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL ✉ councilaudits@bdo.co.uk 5. This announcement is made by (e) KATIE HUGHES CLERK/RFO	(a) Insert date of placing of the notice which must be not less than 1 day before the date in (c) below (b) Insert name, position and address/telephone number/ email address, as appropriate, of the Clerk or other person to which any person may apply to inspect the accounts (c) Insert date, which must be at least 1 day after the date of announcement in (a) above and at least 30 working days before the date appointed in (d) below (d) The inspection period between (c) and (d) must be 30 working days inclusive and must include the first 10 working days of July. (e) Insert name and position of person placing the notice – this person must be the responsible financial officer for the smaller authority

CONFLICT OF INTEREST WITH BDO LLP

To be completed annually and minuted at a meeting of the smaller authority.

Name of Smaller Authority	SOPLEY PARISH COUNCIL
---------------------------	-----------------------



I confirm that there are no conflicts of interest with BDO LLP.



I confirm the following conflicts of interest (please detail below:

This was confirmed and minuted at the following meeting:

Date of Meeting	Minute Reference
23.06.26	No 6

Signed (Clerk/RFO) Print Name

KATIE HUGHES

BARRY McDONNELL
VICE - CHAIR.

Signed (Chair) Print Name

GAVIN VINES

IN ABSENCE OF
CHAIR.

Do the Numbers Limited

28th May 2026

Katie Hughes, Clerk
Sopley Parish Council

Dear Katie,

Subject: Review of matters arising from Internal Audit for 31 March 2026

Following my visit today, please find below the list of matters arising.

The internal audit was carried out in accordance with the requirements of the [Audit and Accounts Regulations 2015](#) and the guidance and instruction in the [Practitioners Guide 2026](#)

Test	Matter arising	Recommended Action
A	<i>Appropriate accounting records have been properly kept throughout the financial year</i>	
Finance reports	The council's accounts are maintained on the Scribe system which produces clear and reliable payment and bank reports. <i>(also raised last year)</i>	The ledger reports should be included in the minutes to reduce transcription risk and ensure completeness and accuracy.
B	<i>This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for</i>	
	The records of the council now	comply with this test
C	<i>This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these</i>	
	The records of the council now	comply with this test.
D	<i>The precept budget resulted from an adequate budgetary process, progress against the budget was regularly monitored, the reserves were appropriate</i>	
Budget monitoring	It is now a requirement to carry out regular budget monitoring.	The Scribe quarterly report is clear and simple to produce. It should be reviewed by members during the year.
E	<i>Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for</i>	
CIL report	The council has received significant CIL funds in the year.	The annual report to NFDC should be published when the AGAR is approved.
F	<i>Petty cash payments were properly supported by receipts, all petty cash was approved and VAT appropriately accounted for</i>	
	Not applicable to this Council	
G	<i>Salaries to employees and allowances to members we paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied</i>	
Employers NI deductions	It appears that the payroll system has been erroneously set up to not apply ERS NI to wages. This was not an issue in prior years because the Clerk's pay was below the limit but in 2025/26 should have been done.	The amount should be quantified and a way found to report it to HMRC. Basic Tools will need to be completely reinstalled with the correct NI setting and used from now on. Paying HMRC by direct debit will

		simplify compliance.
Pension auto enrollment	The clerk is now paid above the <u>Auto enrolment limit</u> .	The council should offer a pension such as <u>NEST</u> to the clerk.
<i>H</i>	<i>Asset and investment registers were complete and accurate and properly maintained</i>	
PWLB loan	The council agreed to make a partial capital redemption of a loan in the year.	There is no saving of interest by such a course of action.
<i>I</i>	<i>Periodic Bank reconciliations were carried out during the year</i>	
Bank statements	The Scribe bank reconciliation is properly in use, but bank statements are not being initialled.	It is good practice for each member of the council in turn to check the third party statements and for the bank reconciliation to be included as a page of the minutes.
<i>J</i>	<i>Accounting statements prepared during the year were prepared on the correct accounting basis, agreed to the cash book, supported by an adequate audit trail and debtors and creditors recorded.</i>	
	The records of the Council comply	with this test
<i>K</i>	<i>Certified Exempt in prior year</i>	
Not applicable to this Council		
<i>L</i>	<i>Transparency Code</i>	
	The records of the Council comply	with this test
<i>M</i>	<i>Public Rights</i>	
	The records of the council now	comply with this test
<i>N</i>	<i>Publication of prior year AGAR</i>	
	The records of the Council comply	with this test
<i>O</i>	<i>Digital and Data Compliance</i>	
Assertion 10 requirements	The council has engaged with these changes and was largely in compliance by the year end.	A data audit should be carried out, including data stored by members, and repeated each year.
<i>P</i>	<i>Trust Funds</i>	
	The records of the Council comply	with this test

Please find attached my invoice for the agreed fee.

If either you or your members have any queries, please do not hesitate to contact me.

Regards,



Eleanor S Greene

Accounting statements 2025-26

By completing this box, the figures will pull through to the relevant tabs of the workbook to assist you in reporting on the significant variances

	Year ending		Variance £	Variance %	Notes and guidance	Explanation required
	31-Mar-25	31-Mar-26				
1. Balances brought forward	32,047.00	29,700.00			Please round all figures to nearest £1. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to underlying financial records. Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year	
2. (+) Precept or Rates and Levies	36,000.00	37,800.00	1800	5%	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.	No explanation required
3. (+) Total other receipts	20,967.00	59,123.00	38156	182%	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.	cll MONIES RECEIVED FROM Wyatt Homes
4. (-) Staff costs	12,152.00	11,803.00	-349	-3%	Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.	No explanation required
5. (-) Loan interest/capital repayments	2,427.00	2,079.00	-348	-14%	Total expenditure of payments of capital and interest made during the year on the authority's borrowings (if any).	No explanation required
6. (-) All other payments	44,734.00	36,746.00	-7988	-18%	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).	No expenditure on Parish Hall
7. (=) Balances carried forward	29,701.00	75,995.00			Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).	ClI monies received £46000
Bal c/f checker	29,701.00	75,995.00				
8. Total value of cash and short term investments	29,701.00	75,995.00			The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March - to agree with bank reconciliation.	
9. Total fixed assets plus long term investments and assets	29,575.00	29,575.00	0	0%	The value of all the property the authority owns - it is made up of all its fixed assets and long term investments as at 31 March.	No explanation required
10. Total borrowings	10,000.00	7,500.00	-2500	-25%	The outstanding capital balances as at 31 March of all loans from third parties (including PWLB).	payments have been made according the loan schedule.