

CROXDALE and HETT PARISH COUNCIL

INTERNAL AUDIT REPORT

2025/2026 Annual Return

1. Background

- 1.1. Following the abolition of the Audit Commission a new organisation has been established which is responsible for issuing proper practices in relation to the accounts of smaller authorities. It is called the Smaller Authorities Proper Practices Board (SAPPB), and is made up of members of the SLCC, NALC, CIPFA, the Ministry of Housing, Communities and Local Government (MHCLG), the Department of Environment, Food and Rural Affairs (DEFRA), the National Audit Office and a representative of the external audit firms appointed to smaller authorities
- 1.2. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 must complete Part 3 of the Annual Governance and Accountability Return (AGAR) at the end of each financial year. Where the higher of gross income or gross expenditure was £25,000 or less, a council can certify themselves as exempt from a limited assurance review, and complete part 2 of the AGAR.
The Councils expenditure for 2025/26 was over £25,0000 and therefore part 3 is to be completed and is made of 3 sections along with a section on the annual internal audit report. which is to be completed by the Parish Council's independent internal auditor, who is to give an opinion on the Parish Council's internal controls.
- 1.3. CDALC have previously provided Councils with a checklist to be used, this annual audit uses this list as the minimum of the tests to be carried out.

2. Objectives of the Audit

- 2.1. To examine the system of internal controls to ensure that the Parish Council may obtain an adequate level of assurance for its activities, during the year.

3. Scope of the Work and the areas of Audit Work examined.

- 3.1 The Scope of Work covers the ten key control tests identified in the internal audit section of the annual return.
- 3.2. To properly complete the audit the following areas of activity have been examined and tested by the Internal Auditor for the financial year 2025/2026.
- Payroll
 - Creditors (including any petty cash)
 - Risk Management
 - Income collection and Banking arrangements
 - Assets
 - Debtors
 - Budgetary Control
 - Exercise of Public Rights for 2024/25
- 3.3. The audit findings of this report have been discussed with the Parish Clerk and any audit recommendations have been agreed with her.

4. Audit Findings.

4.1. Payroll

- 4.1.1 The Parish Council has 1 employee (Parish Clerk) who works standard hours per week under NJC conditions of service.

- 4.1.2. A standard wages payment is made each month which is pro rata for her hours per week worked on the NJC payscales.
- 4.1.3. An I.T. and telephone allowance was previously agreed within the contract terms and conditions of the Clerks appointment (Council meeting 20th January 2016).
- 4.1.4. I examined the payroll information for the financial year 2025/2026 which appears reasonable.

4.2. Creditors (Accounts Payable)

- 4.2.1. The Clerk records all expenditure on a financial report spreadsheet showing, details, BACS and amount. This is summarized monthly (schedule of payments) for approval by Members.
- 4.2.2. An expenditure form is completed giving details of the payment which is certified by the Parish Clerk who approves the payment. The invoice is attached to the expenditure form, with payment made by BACS., where the schedule of payments (within the Finance Report) require the authorization of the Members before they are paid.
- 4.2.3. There are no separation of duties at the Council as the Clerk is the only Officer responsible for Finance and Administration. However, compensating checks are carried out by Members who see details of all expenditure every month and have the opportunity to check the invoices.
- 4.2.4. On examining the schedule of payments and the invoices for the year, all were found to be correctly paid.
- 4.2.5. Vat to be claimed is recorded on the expenditure records.

4.3. Governance

- 4.3.1. Around March every year the Council reviews its Governance documents. On the 25th March 2025 this included Standing Orders, and Financial Regulations, so that they are fit for purpose and cover 2025/26, also reviewed were the asset register and Risk Register. The Governance documents were reviewed 25th March 2026.
- 4.3.2. The Parish Council has a very small budget with only 1 employee and its risks are considered to be very low.
- 4.3.3. Exercise of the Public Rights for 2024/25 was announced at the Annual Meeting on 11th May 2025 with the inspection period being 2nd June to 14th July 2025 and was placed on the Councils website.
- 4.3.4. The statement of accounts and AGAR documents are agreed at the annual meeting each year.
- 4.3.5. On 25th March 2026 the Council reviewed and approved, data protection, social media policy and an IT policy and has a .gov.uk email address which satisfies the criteria for Assertion 10 on the AGAR.

4.4. Income collection and Banking arrangements

- 4.4.1. All income is recorded on an income form and on the monthly financial report spreadsheet showing details and amount.
- 4.4.2. I examined all the income for the year and confirmed that all income had been received, promptly, banked and recorded.
- 4.4.3. Income collected during the year was recorded on an income form and is paid by BACS or cheque.
- 4.4.4. There is 1 bank account held by the Council with Bank Reconciliations carried out monthly and reported to Council with the bank balances with the bank statements being available for members to view and I understand are agreed by the Chair.

4.4.5 At the end of the year the Clerk completes a schedule of VAT to be claimed, which is completed on line. Vat claim for 2024/25 was paid into the Councils bank account on 22nd April 2025. Vat claim for 2025/26 was submitted on 15th April 2026,

4.5. Accounting Records

4.5.1. The Council records its income and expenditure on spreadsheets which is adequate for a small Parish Council.

4.6. Assets

4.6.1. The Council has assets, which are reviewed with the Governance documents (see 4.3.1).

4.7. Debtors

4.7.1. There are no accounts raised by the Council.

4.8. Budgetary Control

4.8.1. Budgetary control forecast reports are reviewed in November (26th November 2025) as part of the initial budget setting process which gives a forecasted balance for the year end.

4.8.2. The precept was discussed, reported and agreed at the Parish Council meeting on the 14th January 2026, with a budget agreed for the year 2026/2027. This included a review of any fees and charges for the coming year. The annual budget was prepared to support the precept.

4.8.3. The Council has a 4-year Medium-Term Financial Plan which was reviewed at the 26th November 2025 meeting. I understand that Councillors are asked for any possible schemes or projects they wish to consider and how they are to be funded.

5. Conclusions

5.1. The internal controls are satisfactory for the size of the Council.

6. Recommendations

6.1. There are no recommendations.



Gordon Fletcher (C.M.I.I.A.)

Internal

Date: 12th May 2026