

INTERNAL AUDIT REPORT – 2025/2026 DENE VALLEY PARISH COUNCIL

1. Background

1a 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 Panel (SAPPP). The Smaller Authorities' Proper Practices Panel (SAPPP), formally the Joint Panel on Accountability and Governance (JPAG), is responsible for issuing proper practices about the governance and accounts of smaller authorities. Its membership consists of sector representatives from the National Association of Local Councils (NALC), the Society of Local Council Clerks (SLCC) and the Association of Drainage Authorities (ADA). Together with stakeholder partners representing the Ministry of Housing, Communities and Local Government (MHCLG), the Chartered Institute of Public Finance and Accountancy (CIPFA), the National Audit Office (NAO), a representative of internal auditors and a representative of the external audit firms appointed to smaller authorities.

1b Smaller authorities where the higher of all gross annual income or gross annual expenditure does not exceed £25,000 and that meet the qualifying criteria as set out in the Certificate of Exemption are able to declare themselves exempt from sending the completed Annual Governance and Accountability Return (AGAR) to the external auditor for a limited assurance review provided the authority completes the documentation stated. The AGAR is made of 3 sections along with an annual internal audit report, which is to be completed by the Parish Council's independent internal auditor, who is to give an opinion of the Parish Council's internal controls.

2. Objectives of the Audit

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

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

The Scope of Work covers the key control tests identified in the A.G.A.R.

- Payroll
- Creditors
- Risk Management
- Income collection and Banking arrangements
- Assets
- Debtors
- Budgetary Control (including year end procedures)
- Exercise of the public rights for 2024/25

The audit findings of this report have been discussed with the Clerk of the Council and any audit recommendations have been agreed with him.

See below for the findings of the internal audit which should be reviewed by the Parish Council.

► Payroll

The Council outsources its payroll system to Autela Payroll Service who complete payslips and notify the Council on the payment to be made to HMRC. Having an external provider provides a good internal control for the Council.

The Council employs a Parish Clerk. Any additional hours and expenses to the Parish Clerk are agreed during the council meetings when the financial payments are reviewed.

► **Creditors**

The Council has good Financial Regulations in place (reviewed on 14th July 2025) regarding Banking Arrangements and Authorisation of Payments (Section 5) and Instructions for the making of Payments (Section 6), which provides good internal controls for the Council.

There are no separation of duties regarding Finance and Administration at the Council as the Clerk is the Officer responsible. Compensating checks are carried out by Members of the Council.

The Clerk prepares a schedule of payments (included as an appendix to the minutes) which require authorisation at the Council meeting.

All payments for 2025/26 have been confirmed to the Monthly Appendix sheet and the Cashbook current bank account report which also records vat.

The finance system records all income and expenditure (including vat) and produces transaction lists. All income and expenditure was input into the system for 2025/26 and this has been examined and found to be accurate with adequate reports produced from the system.

During the year any donations (Section 137) paid are agreed (and minuted) by the Council prior to the payment being made and properly recorded in the records.

There is no petty cash held by the Council.

► **Governance/Risk Management**

A recommended list of policies and procedures was previously received from SLCC and NALC showing which the Council must have regarding statutory requirement, those which are good to have and are an audit requirement. Updated Financial Regulations were agreed at the council meeting on 14th July 2025.

Recommendation – Ensure that at the Annual Meeting of the Council (AGM) that the Financial Regulations, Standing Orders and Code of Conduct are included as standing agenda items to ensure they are reviewed annually.

An Asset Register for 2025/2026 was approved at a meeting on 8th September 2025.

Recommendation- the asset register should be reviewed regularly and at least annually. This could be a standing agenda item at a council meeting.

A Risk Assessment policy was agreed at the 11th May 2026 council meeting for the financial year 2025/2026 Council meeting.

The council reviewed its internal controls following on from feedback for the Internal Auditor in June 2025 at council meeting on 16th June 2025.

Recommendation- the review of the effectiveness of internal control for the council should be considered regularly and at least annually.

The council reviewed its budget and agreed a precept for 2026/2027 at a council meeting on 8th December 2025.

The announcement of the public rights for 2024/25 was announced on 17th June 2025 with the inspection of the accounts available between 17th June 2025 and 29th July 2025, and placed on the Council's website.

Recommendation- the announcement date should be the day before the date the accounts become available for inspection. This was highlighted by the External Auditor in their continuation report dated 29th September 2025.

Assertion 10- The council have not adopted an IT Policy or confirmed they are compliant with Assertion 10.

Recommendation- the council receives information from the Parish Clerk regarding the requirements that Assertion 10 states the council should be in compliance with to ensure it is compliant going forward.

► **Income collection and Banking arrangements**

Financial Regulations of the Council (Section 9) state that the collection of all sums due to the Council shall be the Responsibility of the Responsible Finance Officer (Clerk).

Income is received during the year by the Council consisting of:

- Precept
- Allotment Rents
- VAT claim.
- Bank Interest.

During the year all income was input into the finance system and I examined all the income records for the year, which included the allotment rents records, I confirmed that all income had been properly collected, banked and recorded.

During the year the Council received VAT owing to the Council from 1 June 2024 to 31st December 2025 and received in the Council bank account on 14th January 2026.

I confirmed the bank balances at the end of the year to the Summary End of Financial Year report to Council for 2025/26

► **Accounting Records**

The Council is provided with the income and expenditure at each monthly meeting and the Parish Clerk provides the bank statements which are signed by the Chair of the meeting to confirm the bank reconciliation.

► **Assets**

An Asset Register was updated and approved by the Council on 8th September 2025

► **Debtors**

There are no invoices sent out for debts.

► **Budgetary Control**


The budget setting process commences each year in December where the preparation of the budget for the coming year is initially discussed. This includes a review of fees and charges for allotment rents.

A Council meeting discussed and agreed the budget and precept on 8th December 2025 where the annual budget was prepared to support the precept.

Reports are produced from the finance system which enables Members to carry out budgetary control each month where actual income and expenditure is compared to the budget. A more detailed review is carried out during the budget setting process.

► **Conclusions/Recommendations**

5.1. The internal controls for the Council are satisfactory and the recommendations are within the report.


Joanne Dickinson
Internal Auditor to the Council
Date: 26th May 2026