

**INTERNAL AUDIT REPORT
2025/2026 - ANNUAL RETURN
GREENCROFT PARISH COUNCIL**

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 £25,0000 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 AGAR for part 2 is made of 2 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.

Greencroft Parish Council has completed certificate of exemption and part 2 of the AGAR. This is agreed every year at the Annual Meeting with the statement of accounts.

1.3. CDALC have 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.

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 part of the AGAR, only nine of these were examined, as the Parish Council does not have any petty cash.

3.2. To properly complete the audit the following areas of activity have been examined and tested by the Internal Auditor:

- Payroll
- Creditors
- Risk Management
- Income collection and Banking arrangements
- Accounting records,
- Assets
- Debtors
- Budgetary Control (including year end procedures
- Exercise of Public Rights

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

4. Findings

4.1. Payroll

4.1.1 The council uses the latest HMRC Basic Tools software for its payroll submissions, The Parish Council has 1 employee (Clerk) who works agreed hours and is paid in line with NJC payscales and is paid every 3 months.

4.1.2. All payroll information was checked for the year and was processed correctly, and the amounts were

found to be correctly paid.

4.2. Creditors

- 4.2.1. With only one employee (Clerk) in place it is not possible to achieve a segregation of duties within the council. All payments are approved by full council before the payment is released electronically in accordance with Financial Regulations. Compensating checks are carried out by the Members and Financial Regulations outline the systems to be followed.
- 4.2.2. Online Payments are prepared by the Responsible Finance Officer (Clerk) and together with the relevant invoices are presented to Members each month to view and check. In accordance with Financial Regulations - 2 Members approve the payments.
- 4.2.3. The Parish Clerk's expenses are recorded on a form and approved by the Chair.
- 4.2.4. All payments were checked to the invoices for the year and these were found to be properly recorded on the Income and Expenditure record. There were no queries.
- 4.2.5. Any donations paid are agreed by the Council and properly recorded as donations/Section 137 payments in the minutes.
- 4.2.6. Can I remind the Clerk that VAT cannot be claimed when payments are reimbursed to himself or other Councillors, as a VAT claim has to show the VAT number which individuals do not have.

4.3. Risk Management/Governance arrangements

- 4.3.1. Greencroft Parish Council considered and reviewed its Risk Assessment within the Statement on Internal control at the 22nd June Council meeting. The parish council has an appropriate risk register in place to identify and assess the adequacy of its risks, which is essential for good governance for the Council.
- 4.3.2. The Council has a statement of internal control which was adopted by Greencroft Parish Council on: June 24th 2025 which outlines the requirements of the Accounts and Audit Regulations 2015, This requires that the Council must ensure that it has a sound system of internal control which ensures that the financial management of the council is sound. However, there is no evidence that this has been carried out in full. eg. Review of Financial regulations and risk register have not taken place in 2025/26 and are overdue.
- 4.3.3. The Parish Council has a very small budget with only 1 employee, and therefore its risks are considered to be very low.
- 4.3.4. There appears to be adequate insurance cover for all assets of the Council.
- 4.3.5. The Council has Financial Regulations in place but these date back to 2014 and should be reviewed..

The previous audit report recommended that the council should consider introducing Standing Orders for the council to adhere to. These Orders would reflect the tender/quotation/estimate figures shown in the Financial Regulations. The Standing Orders will also provide the council with detailed instructions (including legal requirements) to ensure council meetings run smoothly.
- 4.3.6. The announcement of the public rights for 2024/25 was announced at the Council meeting dated 22nd June 2025 with the inspection of the accounts available between 30th June to 8th August 2025.

4.4. Income collection and Banking arrangements

- 4.4.1. The Council receives no Income apart from the Precept and vat refund.
- 4.4.2. I examined all the income records for the year and confirmed that all income had been received,

promptly banked, and properly recorded in the Receipts and Payments book.

4.4.3. Vat is recorded from the Receipt and Payments records onto the vat form and is claimed when it is reasonable to claim, this is acceptable for the small number of transactions. Last claim was received in the bank account on 29th January 2026

4.4.4. The Council holds a Current account
I can confirm that bank balances have been reported to members frequently during the year.

4.5. Accounting Records

4.5.1. The Council keeps a manual Income and Expenditure record throughout the year which is adequate for a very small Council and this was found to be properly recorded with a summary completed for the end of year accounts.

4.5.2. The Clerk reports to Council every month on the income and expenditure balance and at the end of the year a bank reconciliation is carried out, which is confirmed by the Chair. This was found to be correct as at 31st March 2026

4.5.3. I understand that bank statements are reported to the Council meeting with the income and expenditure and are viewed by the Chair.

4.6. Assets

4.6.1. I understand that the Asset Register is to be agreed with the statement of accounts.

4.7. Debtors

4.7.1. There are no accounts raised for debts as Debtors either pay by cash or a cheque is received for work/service carried out.

4.8. Budgetary Control

4.8.1. The precept and budget had been discussed and agreed by a Parish Council Committee meeting on the 20th January 2026. The annual budget was prepared to support the precept.

4.8.2. As the Council has very little income and expenditure, the budget position is often circulated at meetings with a detailed review carried out when next year's budget and precept is discussed, this is acceptable for a very small Council.

5. Conclusions

5.1. The internal control and Governance arrangements are not satisfactory for the size of the Council.

6. Recommendations

6.1. Financial Regulations and Risk Register should be reviewed as soon as possible and on annual basis.



Gordon Fletcher (C.M.I.I.A.)
Internal Auditor
Date: 30th May 2026