



East Midlands Audit Services Ltd

INTERNAL AUDIT REPORT/CHECKLIST FOR
SMALLEY PARISH COUNCIL
FOR THE YEAR ENDING 31st MARCH 2026

Further to the Internal Audit of Accounts I carried out on 22nd April 2026 I confirm that the annual audit was carried out in accordance with the suggested approach contained in the Smaller Authorities Proper Practices Panel (SAPPP) - Practitioners' Guide to be applied in the preparation of statutory annual accounts and governance statements 2025/26.

The relevant page of the 2025/26 AGAR form has been signed off accordingly.

Signed *Susan Stack* Dated 22nd April 2026

East Midlands Audit Services Ltd

| 1. Book Keeping | | Comments | |
|------------------------|------------------------------------|-----------------|--|
| 1.1 | Ledgers maintained and up to date? | Yes | |
| 1.2 | Arithmetic correct? | Yes | |

| 2. Financial Regulations and Standing Orders | | Comments | |
|---|---|-----------------|--|
| 2.1 | Standing Orders adopted, up to date and reviewed annually? | Yes | |
| 2.2 | Financial Regulations adopted, up to date and reviewed annually? | Yes | |
| 2.3 | FRs properly tailored to council? | Yes | |
| 2.4 | RFO appointed – In accordance with proper practices and with reference to section 151 of the Local Government Act 1972. | Yes | |
| 2.5 | Review of procedures in place for acquisition of formal tenders and quotes ensuring they are in line with the SO & FR which should be based on the latest version | Yes | |
| 2.6 | Ensure that consistent values are in place for acquisition of formal tenders between SO & FR (different values may be in two documents) | Yes | |

| | | | |
|------|---|-----|--|
| 2.7 | Review the procedures for receipts of invoices, agreement of invoice detail and confirmation of goods/services delivery and approval for payment | Yes | |
| 2.8 | Check that there is effective segregation between the writing of cheques and or setting up of online payments and physical release of payments | Yes | |
| 2.9 | List of member interests held? | Yes | |
| 2.10 | Agendas signed, informative and displayed with 3 clear days' notice? Local Government Act 1972, Schedule 12 Part 2, paragraph 10, sub paragraph 2. APM 7 clear days LGA 1972, Sch 12, para 15. | Yes | |

| 3. Payment Controls | | Comments | |
|---------------------|---|----------|--|
| 3.1 | Is there supporting paperwork for payments with appropriate authorisation (two signatories)(Full Council Approval) ? | Yes | |
| 3.2 | Check that VAT reclaims are prepared and submitted in a timely manner in line with the underlying records and in accordance with current HMRC requirements | Yes | |
| 3.3 | Has the Council adopted the General Power of Competence (GPC) and is there evidence this is being applied correctly? (At least 2/3 elected members and a qualified Clerk (CilCA or higher) resolved at the Annual Council meeting after an election) | Yes | |
| 3.4 | S137 separately recorded and within limits? | Yes | |
| 3.5 | S137 expenditure of direct benefit to electorate? | Yes | |
| 3.5 | S137 expenditure minuted? | Yes | |
| 3.6 | Where applicable, are payments of interest and principal sums in respect of loans paid in accordance with agreements? | Yes | |
| 3.7 | Where debit/credit cards are in use, establish the total monthly and individual transaction limits and ensure appropriate controls over physical security and usage of the cards are in place. | Yes | |

| 4. Risk Management | | Comments | |
|--------------------|--|----------|----------------------------------|
| 4.1 | Does scan of minutes reveal any unusual activity? | No | |
| 4.2 | Annual risk assessment carried out at least annually? | No | Not within year scheduled May 26 |
| 4.3 | Insurance cover appropriate and adequate – employment, public liability and fidelity guarantee and has been reviewed on an annual basis? | Yes | |
| 4.5 | Internal financial controls documented and evidenced? | Yes | |
| 4.6 | Evidence that a review of the effectiveness of internal audit was conducted during the year, including consideration of the independence and competence of the internal auditor prior to their appointment | Yes | |
| 4.7 | Ensure that appropriate arrangements are in place for monitoring play areas, open spaces and sports pitches; such reviews should be undertaken by appropriately qualified external inspectors or, if by officers or members that they have received the appropriate training and accreditation | Ye | |

| 5. Budget | | Comments | |
|-----------|--|----------|--|
| 5.1 | Annual budget has been properly prepared before the budget is set and agreed at Full Council. | Yes | |
| 5.2 | Ensure that the precept received in the accounts matches the prior year submission form to the relevant authority and the public record of precepted amounts . | Yes | |
| 5.3 | Precept amount has been agreed at Full Council and clearly minuted | Yes | |
| 5.4 | Reserves held – general and earmarked Reserve Policy held? | Yes | |
| 5.5 | Regular reporting of expenditure and variances from budget? | Yes | |

| 6. Income Controls | | Comments | |
|--------------------|--|----------|--|
| 6.1 | Is income properly recorded and promptly banked? | Yes | |
| 6.2 | Is income reported to Full Council? | Yes | |

| | | | |
|-----|---|-----|--|
| 6.3 | Does the precept record agree to the Council Tax Authority's notification? | Yes | |
| 6.4 | Review of 'aged debtors' listings to ensure appropriate follow up action is in place. | Yes | |
| 6.5 | Allotments: ensure that appropriate signed tenancy agreements exist, that an appropriate register of tenants is maintained, identifying that debtors are monitored. | Yes | |
| 6.6 | Burials: ensure that a formal burial register is maintained, that it is up-to-date and that a sample of interments and memorials are appropriately evidenced, that fees have been charged at the correct approved rate and been recovered within a reasonable time: (Authorities should also acquire and retain copies of Burial / Cremation certificates) | Yes | |
| 6.7 | Hall hire: ensure that an effective diary system for bookings is in place identifying the hirer, hire times and ideally cross-referenced to invoices raised. | Yes | |
| 6.8 | Other variable income streams: ensure that appropriate control procedures and documentation are in existence to provide a clear audit trail through to invoicing and recovery of all such income. | Yes | |

| 7. Petty Cash | | Comments | |
|---------------|---|----------|--|
| 7.1 | Is petty cash in operation? | Yes | |
| 7.2 | If appropriate, is there an adequate control system in place? | Yes | |
| 7.3 | Review the systems in place for controlling any petty cash and also cash floats (used for bar ordering, etc). | Yes | |
| 7.4 | Check a sample of transactions during the financial year to ensure appropriate supporting documentation is held. | Yes | |
| 7.5 | Review the existence of evidenced periodic independent verification of the petty cash and any other cash floats held. | Yes | |
| 7.6 | Ensure that VAT is identified wherever incurred and appropriate | Yes | |
| 7.7 | Physically check the petty cash and other cash floats held. | Yes | |

| | | | |
|-----|--|-----|--|
| 7.1 | Are the financial statements for the year ended 31st March 2017 audited by a qualified auditor? If not, are the financial statements prepared on the basis of the best information available to the auditor? | Yes | |
|-----|--|-----|--|

| 8. Payroll – Staff | | Comments | |
|--------------------|--|----------|-------------|
| 8.1 | Ensure that, for <u>all staff</u> , a formal employment contract is in place together with a confirmatory letter setting out any changes to the contract. | Yes | |
| 8.2 | Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability. | Yes | |
| 8.3 | Ensure that, for a sample of staff salaries, gross pay due is calculated in accordance with the approved spinal point on the NJC scale or hourly rate, if off-scale, and also with the contracted hours. | Yes | |
| 8.4 | Ensure that appropriate tax codes are being applied to each employee. | Yes | |
| 8.5 | Where free or paid for software is used, ensure that it is up to date. | Yes | |
| 8.6 | For the test sample of employees, ensure that tax is calculated appropriately. | Yes | |
| 8.7 | Check the correct treatment of Pension contributions | Yes | |
| 8.8 | Ensure that the correct employers' pension percentage contribution is being applied. | Yes | |
| 8.9 | For NI, ensure that the correct deduction and employer's contributions are applied: NB. the employers allowance is not available to councils but may be used by other authorities | Yes | |
| 8.10 | Ensure that for the test sample, the correct net pay is paid to the employee with tax, NI and pension contributions correctly paid to the respective agencies | Yes | |
| 8.11 | Has council approved salary paid? | No | Not minuted |
| 8.12 | Have pension re-declaration duties been carried out? | Yes | |
| 8.13 | Other payments reasonable and approved by council? | Yes | |

| | | | |
|------|--------------------|-----|--|
| 8.14 | Minimum wage paid? | Yes | |
|------|--------------------|-----|--|

| 9. Asset Control | | Comments | |
|--------------------------|--|----------|--|
| 9.1 | Ensure that the Authority is maintaining a formal asset register and updating it routinely to record new assets at historic cost price, net of VAT and removing any disposed of/ no longer serviceable assets. | Yes | |
| 9.2 | Ideally, the register should identify for each asset the purchase cost and, if practicable, the replacement/ insured cost, the latter being updated annually and used to assist in forward planning for asset replacement. | Yes | |
| 9.3 | Additions and disposals records should allow tracking from the prior year to the current. | Yes | |
| 9.4 | Ensure that the asset value to be reported in the AGAR at section 2, line 9 equates to the prior year reported value, adjusted for the nominal value of any changes. | Yes | |
| 9.5 | Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured or "self-insured" by the Authority. | Yes | |
| 9.6 | Leases: ensure that leases are reviewed in a timely manner in accordance with the terms of the lease and rents similarly reviewed appropriately at the due time. | Yes | |
| Fixed asset investments: | | | |
| 9.7 | Ensure that all long-term investments (i.e., those for more than 12 month terms) are covered by the "Investment Strategy" and reported as Assets in the AGAR at section 2, line 9. | Yes | |

| 10. Borrowing and Lending | | Comments | |
|---------------------------|--|----------|--|
| 10.1 | Ensure that if a authority has sought or obtained... | Yes | |

| | | | |
|------|---|-----|--|
| 10.2 | Ensure that the authority has accounted for the loan (if appropriate) and recorded the full value of the loan. Any arrangement fee should be regarded as an a loan expense in the year of receipt. | Yes | |
| 10.3 | Ensure that the combined principal loan repayment and interest for the year is correctly recorded in the AGAR at section 2 line 8. | Yes | |
| 10.4 | Ensure that the outstanding loan liability as at 31st March each year is correctly recorded in the AGAR at section 2, line 10 (value should be verified from the ledger and verification provided to the IA by the clerk/WFO) | Yes | |
| 10.5 | Where the Authority has issued loans to local bodies, they should ideally seek signed indemnities from the recipient body, or their members, agreeing to underwrite the loan debt. | Yes | |

| 11. Bank Reconciliations | | Comments | |
|--------------------------|--|----------|--|
| 11.1 | Is there a bank reconciliation for each account? | Yes | |
| 11.2 | Reconciliation carried out on receipt of statement? | Yes | |
| 11.3 | Do the individual bank balances agree with the bank statements as at 31 March? | Yes | |
| 11.4 | Is there regular reporting of bank balances at Council meetings? | Yes | |

| 12. Year End Procedures | | Comments | |
|-------------------------|--|----------|--|
| 12.1 | Has the appropriate end of year AGAR documents been completed? | Yes | |
| 12.2 | Whilst IAs are not required to verify the accuracy of detail to be disclosed in the AGAR, this assertion, together with the expectation of most Authorities, effectively requires IAs to ensure that the financial detail reported at section 2 of the AGAR reflects the detail in the accounting records maintained for the financial year. Consequently, IAs should: <ul style="list-style-type: none"> • Ensure that, where annual turnover exceeds £200 000, appropriate records are maintained throughout the year on an Income and Expenditure basis to facilitate budget reporting in that vein. | Yes | |

| | | | |
|------|--|-----|--|
| | <ul style="list-style-type: none"> • Ensure that appropriate accounting arrangements are in place to account for debtors and creditors during the year and at the financial year-end. | | |
| 12.3 | <p>IAs should ensure that, <u>all relevant criteria are met</u> (receipts and payments each totalled less than £25,000)</p> <ul style="list-style-type: none"> • the correct exemption certificate was prepared and minuted in accordance with the statutory submission deadline; • that it has been published, together with all required information on the Authority's website and noticeboard. | Yes | |
| 12.4 | IAs should review the Authority's website ensuring that all required documentation is published in accordance with the relevant legislation. | Yes | |
| 12.5 | <p>IAs should acquire / examine a copy of the required "Public Notice" ensuring that it clearly identifies the statutory 30 working day period when the Authority's records are available for public inspection.</p> <p>IAs may also check whether authorities have minuted the relevant dates at the same time as approving the AGAR.</p> | Yes | |
| 12.6 | IAs should ensure that the statutory disclosure / publication requirements in relation to the prior year's AGAR have been met as detailed on the front page of the current year's AGAR. | Yes | |
| 12.7 | Roll forward of the prior year cashbook balances to the new financial year | Yes | |
| 12.8 | Sample Financial Transactions in cashbooks to bank statements (Appendix 1) | Yes | |

| 13. Internal Audit | | Comments | |
|--------------------|---|----------|--|
| 13.1 | Has the Council considered the previous internal audit report? | Yes | |
| 13.2 | Has appropriate action been taken regarding the recommendations raised? | Yes | |
| 13.3 | Has the Council confirmed the appointment of an internal auditor? | Yes | |
| 13.4 | Has the letter of engagement been approved by Full Council? | Yes | |

| 14. External Audit | | Comments | |
|--------------------|--|----------|--|
| 14.1 | Has the Council considered the previous external audit report? | Yes | |
| 14.2 | Has appropriate action been taken regarding the comments raised? | Yes | |

| 15. Other Information | | Comments | |
|-----------------------|---|----------|--|
| 15.1 | Was the annual meeting held in accordance with legislation? (First item of business – appoint Chair) (Annual Council meeting to be held in May) | Yes | |
| 15.2 | Is there evidence that Minutes (Full Council and all Committees) are administered in accordance with legislation? (LGA 1972 schedule 12 Para 41(1) and 44 – Unapproved minutes of the meeting should be formally approved (with any necessary amendments) at the next meeting. The Chair is given formal approval to sign the minutes) | Yes | |
| 15.3 | Is there a list of members interests held? | Yes | |
| 15.4 | <ul style="list-style-type: none"> • Confirm that all charities of which the council is a Trustee are up to date with CC filing requirements. • that the council is the sole trustee on the <u>Charity Commission register</u>. • that the council is acting in accordance with the <u>Trust deed</u>. • that the Charity meetings and accounts are recorded separately from those of the council. • review the level and activity of the charity and where a risk based approach suggests such, review the <u>Independent Examiners</u> report. | Yes | |
| 15.5 | Has the Transparency code been correctly applied, and information published in accordance with current legislation? | Yes | |
| 15.6 | Has the Council registered with the Information Commissioners Office (ICO)? | Yes | |
| 15.7 | Is the Council compliant with the General Data Protection requirements? | Yes | |

| | | | |
|-------|--|-----|--|
| 15.8 | Has the Council published a website accessibility statement on their website in line with Regulations? | Yes | |
| 15.9 | Does the Council have official email addresses/ for correspondence? | Yes | |
| 15.10 | Is there evidence that electronic files are backed up? | Yes | |
| 15.11 | Do the terms of reference exist for all committee and is there evidence these are regularly reviewed? | Yes | |

| Annual Return (Page) | | | |
|------------------------------|--|---------------------------|---------------------------|
| | | Year ending 31 March 2025 | Year ending 31 March 2026 |
| | | £ | £ |
| 1 | Balances brought forward | 30041 | 50862 |
| 2 | Annual precept | 55100 | 57955 |
| 3 | Total other receipts | 7689 | 10377 |
| 4 | Staff costs | 23161 | 25537 |
| 5 | Loan interest/capital repayments | 0 | 0 |
| 6 | Total other payments | 18806 | 34084 |
| 7 | Balances carried forward | 50862 | 59473 |
| 8 | Total cash and investments | 50862 | 59473 |
| 9 | Total fixed assets and long term investments and assets | 320595 | 320874 |
| 10 | Total borrowings | 0 | 0 |
| 11 | Section 2 annual return figures completed and cross referenced | Yes | Yes |

Appendix 1

| Payee invoice check | Max Blackwell | E-ON |
|----------------------|---------------|----------------|
| Ledger date | 25/11/25 | 30/9/25 |
| Item/Budget heading | Mowing | Electricity |
| Ref/cheque no. | Bacs | DD |
| Payment minute ref | Dec 25 | On DD Schedule |
| Invoice value | 40 | 25.62 |
| Minute value | 40 | 25.62 |
| Payment value | 40 | 25.62 |
| Bank Statement value | 40 | 25.62 |
| Timely payment | Yes 15/12 | Yes 21/10 |
| VAT recorded | Yes (£) 0 | Yes (£) 1.22 |
| S137 recorded | N/A | N/A |
| S137 minuted | N/A | N/A |

*in addition payroll entry for A James Sept checked and OK

Conclusion:
An excellent audit with only a couple of minor items to note.

The Clerk and/or RFO should certify the accounts before the full council approves them.