Leicestershire and Rutland ALC IAS

Narrative Internal Audit Report

to be read in conjunction with the Annual Internal Audit Report in the
Annual Governance and Accountability Return 2025 - 2026

Name of Authority:	Cadeby.. Parish Council		
Name of Internal Auditor:	Kate Houlihan	Year ending:	31 March 2026
Date audit carried out:	10 June 2026	Date of report:	12 June 2026

As internal auditor, I confirm that I am independent of your authority and competent as required by the Smaller Authorities Proper Practices Panel (SAPPP) *Practitioners Guide*. I confirm that I have no connection with your authority that will conflict with my role as internal auditor and that I am not involved in any aspect of decision-making, management or control of your authority.

Internal audit is the periodic independent review of an authority's internal controls. This should result in an assurance report designed to improve the effectiveness and efficiency of the activities and operating procedures under the council's control. Managing the authority's internal controls should be a day-to-day function through its staff and management and not left for internal audit. It would be incorrect to view internal audit as the detailed inspection of all records and transactions of an authority to detect error or fraud. This report is based on the evidence made available to me and consequently the report is limited to those matters set out below.

The proper practices referred to in the Local Audit and Accountability Act 2014 and Accounts and Audit Regulations 2015 are set out in the *Practitioners Guide.* This is a guide to the accounting practices to be followed by local councils which sets out the appropriate standard of financial reporting to be followed.

- Section 4.11 of the *Practitioners' Guide* asserts that the personal, financial and professional independence of the appointed person or firm should be reviewed every year.
- Section 4.16 requires that authorities should carry out a review of the effectiveness of their overall internal audit arrangements, at least once each year.
- In addition, section 1.38 specifies that the authority is required to have considered all matters brought to its attention by its external auditor and internal audit and taken corrective action as appropriate.

Failure to take appropriate action may lead to a qualified audit opinion.

This report is addressed to your chair for circulation to all members. It should be considered in a meeting of the full council or parish meeting.

To the Chair of Cadeby Parish Council

I completed the year-end audit for Cadeby Parish Council on 12 June 2026. I would like to take this opportunity to thank Richard Allen, the Clerk, for his help and assistance.

To complete the audit, I:

- Reviewed documents supplied by the Clerk, both prior to and following the audit meeting.
- Reviewed information available at www.cadebyparishcouncil.gov.uk.
- Reviewed the Council's cashbook and other financial records.

Throughout the audit, I tested aspects of the Council's internal controls as required for the Annual Internal Audit Report (AIAR) within the Annual Governance and Accountability Return (AGAR) Form 2. My findings are set out below.

The Council now banks with Unity Bank, and the accounts with HSBC have been closed. This should assist the Council in managing its day-to-day banking.

The Council reviewed core policies, including Financial Regulations and Standing Orders, during the year. These are based on the most up-to-date model documents.

The cashbook is up to date and could be readily reconciled to the year-end bank statements and the figures presented in the Annual Accounting Statement. I noted, however, that no VAT claim has been submitted for at least the last three financial years. If this has not already been done, a claim should be submitted as soon as possible. The Council may submit claims for the previous four years. Claims may be submitted even if the amount to be reclaimed is less than £100, provided that the claim covers at least a full calendar year. https://www.gov.uk/guidance/claim-a-vat-refund-as-an-organisation-not-registered-for-vat

The Council did not review its risk assessment during the financial year. **I have therefore answered NO to assertion C.**

The asset register is up to date, no additions or disposals were made during the year.

During the audit, I noted that the list of Members' Registers of Interest does not appear to be up to date and is not consistent with the information held by Hinckley and Bosworth District Council. Parish councils contact details | Hinckley & Bosworth Borough Council. This should be reviewed.

Further work is needed on the website to ensure that all documents are available and easily accessible. During the audit, I was not readily able to locate minutes for all meetings, including those for June 2025 (when the exemption certificate would have been approved). In addition, not all information required under the Transparency Code for Smaller Authorities - GOV.UK appeared to be available on the website at the time of the audit. **I have therefore answered No to assertions K and L.**

During the audit, it came to my attention that the Council did not publish the Analysis of Variances or the bank reconciliation as part of the supporting documentation for last year's AGAR, as required. Page 1 of the AGAR provides further information on this requirement. **I have therefore answered No to assertion N.**

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The Council now has a .gov email address, although the former Gmail address is still listed on the Council's website. I understand from the Clerk that the Council is in the process of transitioning to the .gov address. The Parish Council should ensure that other documents, including policy documents, are updated to include the new email address. The Council has Data Protection Policies in place, but these have not been reviewed since 2022. The Council's accessibility statement and privacy notice have not been reviewed since 2020. **I have therefore answered NO to assertion O.**

This report is based on the evidence made available to me. It would be incorrect to view internal audit as the detailed inspection of all records and transactions of a council in order to detect error or fraud.

Please do contact me if you have any queries relating to this report.

Yours sincerely,

Kate Houlihan

LRALC Internal Auditor

Reports from internal and external auditors 2024-2025

All smaller authorities	
Have comments from the internal audit 2024-2025 been considered and addressed?	
Comment from internal auditor 2024-2025	**Response from internal auditor for this report**
Update website	Updates are still required
Members Register of Interests	Updates are still required
Ensure all documents relating to the AGAR are published	Not all documents relating to the 2024-2025 audit were published.
Please add additional boxes as required. *If the internal auditor had no recommendations or comments, please record None rather than deleting this table.*	

Smaller authorities subject to a Limited Assurance Review for 2024-2025	
Have comments from the external audit 2024-2025 been considered and addressed?	
Comment from external auditor 2024-2025	**Response from internal auditor for this report**
NOT APPLICABLE	
Please add additional boxes as required. *If the external auditor had no recommendations or comments, please record None rather than deleting this table.*	

Recommendations from internal auditor 2025-2026

All smaller authorities	
Recommendations for action from internal auditor for this report	
Areas for consideration or improvement	**Recommendation from internal auditor for this report**
Update website	Ensure minutes, polices and audit documents are up to date.
Reclaim outstanding VAT	Submit VAT claim
Ensure a risk assessment is carried out	Complete a risk assessment as soon as possible
Ensure the council is fully compliant with Assertion 10 (Digital and data compliance)	Update data protection policies.
Please add additional boxes as required. *If the internal auditor has no recommendations relating to areas to be considered or improved, please record None rather than deleting this table.*	

Annual Internal Audit Report 2025/26

Internal control objective		Explanation if required
A *Appropriate accounting records have been properly kept throughout the financial year.*	Yes	
B *This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.*	Yes	
C *This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.*	No	No risk assessment was carried out
D *The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.*	Yes	
E *Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.*	Yes	
F *Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.*	Not covered	
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.*	Yes	
H *Asset and investments registers were complete and accurate and properly maintained.*	Yes	
I *Periodic bank account reconciliations were properly carried out during the year.*	Yes	
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.*	Yes	
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")*	No	Minute agreeing exemption not seen
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*	No	Documents relating to the prior year audit were not all available
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 2024-2025 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).*	Yes	
N *The authority has complied with the publication regulations for 2024/25 AGAR (see AGAR Page 1 Guidance Notes)*	No	Documents relating to the prior year audit were not all available
O *The authority has complied with laws, regulations & proper practices relating to digital and data compliance*	No	Not all relevant policies were in place
P *(For local councils only)* *Trust funds (including charitable) – The council met its responsibilities as a trustee*	Not applicable	

Section 2 - Accounting Statements 2025/26

	Year ending		*Notes and guidance*
	31 March 2025 £	**31 March 2026 £**	*All figures should be rounded to the nearest £. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to underlying financial records.*
1. Balances brought forward	7,567	8,458	*Total balances and reserves at the beginning of the year are recorded in the financial records. Value musty agree to Box 7 of previous year.*
2. (+) Precept or Rates and Levies	5,600	6,160	*Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.*
3. (+) Total other receipts	71	108	*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	2,097	3,940	*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	0	0	*Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).*
6. (-) All other payments	2,682	3,879	*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	8,458	6,907	*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	8,458	6,907	*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	18,346	18,346	*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	0	0	*The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).*

For Local Councils only

11. Do the figures in the accounting statements above exclude any trust transactions	No	*For guidance refer to the Practitioners' Guide sections 2.31 to 2.33.*