

## 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:	Groby Parish Council		
Name of Internal Auditor:	Cathy Walsh	Year ending:	31 March 2026
Date audit carried out:	27 May 2026	Date of report:	27 May 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 the Council:

I completed the year-end internal audit of the Council remotely on 27 May 2026. I would like to take this opportunity to thank Sue Hackett (Clerk & RFO) for their co-operation and assistance in facilitating the audit.

In preparation for the audit, I reviewed the information made publicly available on the Council's website, including its policies, procedures, agendas, minutes, financial documentation, and other relevant records. I also sought evidence to confirm that the previous year's Internal and External Audit reports had been appropriately reported to the Council and, where necessary, that actions arising had been addressed.

As part of the audit, I examined the Council's arrangements for the management and control of its business, including bookkeeping, compliance with proper practices (as set out in the *Practitioners' Guide*), risk management, budget setting and monitoring, payroll, maintenance of the asset register, bank reconciliations, internal controls, year-end procedures, and compliance with the publication requirements of the 2024–2025 AGAR.

With the exception of internal control objective O, I am pleased to report that, based on the information made available to me and the testing undertaken, I am satisfied that the Council's internal control objectives were achieved throughout the financial year to a standard adequate to meet its needs. On this basis I have completed and signed the Annual Internal Audit Report as required.

## Reports from internal and external auditors 2024-2025

Have comments from the internal auditor 2024-2025 been considered and addressed?

Comment from internal auditor 2024-2025	Response from internal auditor for this report
When setting the 2024/25 budget, budget figures were presented to members but were not recorded in the minutes. These figures should be clearly identified and recorded within the minutes	When setting the 2025/26 budget, the figures were clearly recorded in the minutes.

Have comments from the external auditor 2024-2025 been considered and addressed?

Comment from external auditor 2024-2025	Response from internal auditor for this report
The External Auditor issued an interim report dated 24 September 2024, stating that further review work was required before completion of the audit could be certified. At the time of the internal audit, the External Auditor had not completed its review work.	The External Auditor's Report and Certificate for 2024/25 had not been received as objections to the accounts remained under investigation by the external auditor.

## Recommendations from internal auditor 2025-2026

Recommendations for action from internal auditor for this report

Areas for consideration or improvement	Recommendation from internal auditor for this report
Data Protection Policy	It is recommended that the Data Protection Policy is reviewed annually. The policy was last reviewed in August 2022 and, therefore, does not meet the requirements associated with Assertion 10.
Data Audits	Smaller authorities should conduct regular data audits to identify what personal data is held, how it is used and ensure it is processed lawfully. The council confirmed that its last data audit was completed in May 2024. It is recommended that data audits are undertaken regularly.
Accounting Statements	Box 11 on the Accounting Statements presented for internal audit was left blank. The council must ensure that all highlighted boxes are completed.

### Areas in the 2025-2026 AGAR Annual Internal Audit Report for which Yes or N/A cannot be ticked

<p><b>Internal control objective:</b></p> <p><b>F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.</b></p> <p>Internal control objective F has been marked as 'not covered', as the Council does not operate a petty cash system.</p> <hr/> <p><b>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.</b></p> <p>Internal control objective K has been marked as 'not covered', as the authority had a limited assurance review of its 2024/25 AGAR.</p> <hr/> <p><b>O. The authority has complied with laws, regulations &amp; proper practices relating to digital and data compliance.</b></p> <p>The Council has not undertaken an annual review of its Data Protection Policy or completed regular data audits to meet the requirements of Assertion 10; therefore, internal control objective O has been marked as 'No'.</p>
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## Annual Internal Audit Report 2025/26

Internal control objective		Explanation if required
<b>A</b> <i>Appropriate accounting records have been properly kept throughout the financial year.</i>	Yes	
<b>B</b> <i>This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.</i>	Yes	
<b>C</b> <i>This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</i>	Yes	
<b>D</b> <i>The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</i>	Yes	
<b>E</b> <i>Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.</i>	Yes	
<b>F</b> <i>Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.</i>	Not covered	
<b>G</b> <i>Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.</i>	Yes	
<b>H</b> <i>Asset and investments registers were complete and accurate and properly maintained.</i>	Yes	
<b>I</b> <i>Periodic bank account reconciliations were properly carried out during the year.</i>	Yes	
<b>J</b> <i>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.</i>	Yes	
<b>K</b> <i>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")</i>	Not covered	
<b>L</b> <i>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</i>	Yes	
<b>M</b> <i>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).</i>	Yes	
<b>N</b> <i>The authority has complied with the publication regulations for 2024/25 AGAR (see AGAR Page 1 Guidance Notes)</i>	Yes	
<b>O</b> <i>The authority has complied with laws, regulations &amp; proper practices relating to digital and data compliance</i>	No	
<b>P</b> <i>(For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee</i>	Not applicable	



## Section 2 - Accounting Statements 2025/26


	Year ending		Notes and guidance
	31 March 2025 £	31 March 2026 £	
			<i>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.</i>
1. Balances brought forward	62,549	132,364	<i>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.</i>
2. (+) Precept or Rates and Levies	306,000	350,434	<i>Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.</i>
3. (+) Total other receipts	61,306	92,154	<i>Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.</i>
4. (-) Staff costs	163,408	160,755	<i>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.</i>
5. (-) Loan interest/capital repayments	0	0	<i>Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).</i>
6. (-) All other payments	134,083	186,463	<i>Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).</i>
7. (=) Balances carried forward	132,364	227,734	<i>Total balances and reserves at the end of the year. <b>Must equal</b> (1+2+3) - (4+5+6).</i>
8. Total value of cash and short-term investments	160,689	258,297	<i>The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – <b>To agree with bank reconciliation.</b></i>
9. Total fixed assets plus long-term investments and assets	642,638	685,496	<i>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.</i>
10. Total borrowings	0	0	<i>The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).</i>

### For Local Councils only

11. Do the figures in the accounting statements above exclude any trust transactions		<i>For guidance refer to the Practitioners' Guide sections 2.31 to 2.33.</i>
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NB: Box 11 on the Accounting Statements was left blank by the Council.

Yours sincerely,



LRALC Internal Auditor

