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:	Great Bowden Parish Council		
Name of Internal Auditor:	Joanne Lowe	Year ending:	31 March 2026
Date audit carried out:	15/06/2026 & 19/06/2026	Date of report:	23/06/2026

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 Great Bowden Parish Council

I have been allocated by the Leicestershire & Rutland Association of Local Councils (LRALC) as the appointed Internal Auditor for Great Bowden Parish Council for the financial year ended 31st March 2026.

My role as internal auditor, acting independently and on the basis of an assessment of risk, is to carry out a selective assessment of compliance with relevant procedures and controls which were in operation during the financial year. I would like to thank your Clerk and Interim RFO for their help and support during the audit.

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**
The council should put into place steps to recruit a Responsible Financial Officer.	***Although this recommendation has not yet been implemented, the Council formally resolved during 2025/26 to recruit a RFO and has experienced difficulties in filling the post. The Council has demonstrated its intention to address this matter, and it is anticipated that progress will be made during 2026/27. This recommendation will remain.***
The council must undertake regular bank reconciliations showing opening and closing balances for all bank accounts. A list of transactions needs to be itemised within the minutes.	***This has been addressed.***
The Council should ensure that all future expenditure is subject to formal approval by the full Council or to a properly delegated authority.	***This has been addressed.***
To ensure compliance and demonstrate value for money, the Council should implement a formal schedule for the periodic review of all ongoing contracts.	***This has been addressed.***

The Council must register as an employer with HMRC and enrol the Clerk onto a payroll system to ensure compliance with employment and pension obligations	***This has not been actioned and will remain a recommendation for 25-26.***
The Council must undertake budget monitoring regularly during the financial year	***This has not been actioned and will remain a recommendation for 25-26.***
The Council must formally adopt Financial Regulations and should use the latest NALC model templates to review and update both Financial Regulations and Standing Orders	***Both financial regulations and standing orders were reviewed during 25-26. This has been addressed.***
The Council must adopt a full risk management policy that encompasses all areas of its operations, ensures regular review, and includes specific assessments for key assets and services.	***This has not been actioned and will remain a recommendation for 25-26.***
The AGAR must be properly considered, approved and signed at the relevant meeting. Council must ensure that the correct form for the Notice of Public Rights is used depending on whether they are exempt or not.	***The appointment for the internal auditor was approved after the AGAR was received and signed in May 25. The internal audit report and the recommendations was not considered before the AGAR form was signed. The external audit report was unavailable. This will remain a recommendation.***
The Council should transition to gov.uk email addresses for Councillors and the Clerk, and adopt a gov.uk domain for its website, in line with best practice set out in the Practitioners' Guide	***This has been addressed.***
Despite a request to see the document, the external auditor report was not available at the time of the internal audit.	
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 L71imited 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**
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**
A Parish Councillor is currently serving as the interim RFO for the council. The Practitioners' Guide recognises that an elected member can, in exceptional circumstances, be appointed as the RFO, but it makes clear that this should be treated as an exception with Council recognising the particular risks, formally agreeing the appointment, undertake a full risk assessment, and evidence its consideration in the minutes. This has not been actioned.	***The Council should put into place steps to recruit a Responsible Financial Officer for the council.***
The IA requested evidence of payslips and that the Council has registered as an employer with HMRC and operate PAYE on the income the Clerk earns. However no information was received.	***The Council must register as an employer with HMRC and enrol the Clerk onto a payroll system to ensure compliance with employment and pension*** **obligations**
No budget monitoring is undertaken in the minutes. The Practioner's Guide states that the authority needs to prepare and approve a budget before setting the precept and monitor actual performance against its budget during the year, taking corrective action where necessary. This is not being undertaken.	***The Council must undertake budget monitoring regularly during the financial year.***

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The Council only has a financial risk assessment adopted in 2024 but no comprehensive risk management policy that covers wider council activities, including risks associated with assets such as the Pavillion. The Practioners Guide states that the authority needs to identify, assess and record risks associated with actions and decisions it has taken or considered taking during the year that could have financial or reputational consequences.	***The Council must adopt a full risk management policy that encompasses all areas of its operations, ensures regular review, and includes specific assessments for key assets and services.***
In the Practioners guide under Assertion 10 – Digital and data compliance, it says: "All smaller authorities must have an IT policy."	***The Council should adopt an IT policy during 26-27.***
The appointment for the internal auditor was approved after the AGAR was received and signed in May 25. The internal audit report and the recommendations was not considered before the AGAR form was signed. The external audit report was unavailable.	***Ensure that by 30 September, the external auditor's certificate and report is published on the Council's website.***
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	*The Council must adopt a full risk management policy that encompasses all areas of its operations, ensures regular review, and includes specific assessments for key assets and services.*

D *The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.*	No	*The Council must undertake budget monitoring regularly during the financial year.*
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.*	No	***The Council must register as an employer with HMRC and enrol the Clerk onto a payroll system to ensure compliance with employment and pension obligations***
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")*	Not covered	
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*	Yes	
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*	Yes	

	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).		
N	*The authority has complied with the publication regulations for 2024/25 AGAR (see AGAR Page 1 Guidance Notes)*	No	***Ensure that by 30 September, the external auditor's certificate and report is published.***
O	*The authority has complied with laws, regulations & proper practices relating to digital and data compliance*	No	***The Council should adopt an IT policy during 26-27***
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	71905	46703	*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	39500	41400	*Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.*
3. (+) Total other receipts	25193	21422	*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	4789	4925	*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	85106	36928	*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	46703	67672	*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	60599	67672	*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	363356	363356	*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.*

Yours sincerely,

Joanne Lowe

LRALC Internal Auditor