

Kim Squires Internal Audit Services

52 HANDSACRE COURT
CANON LANE
RUGELEY
STAFFORDSHIRE
WS15 1PQ

The Chairman,
Cheddleton Parish Council,
49, Armitage Road,
Rugeley.
WS15 1DQ

11 May 2026

Dear Councillor

Conclusion of Internal Audit of your Parish Council for the year ended 31st March 2026

Following the completion of my work for the above year we are writing to inform the Council that having carried out the year-end review I have been unable to sign the Annual Governance and Accountability Return Form 3 (AGAR) without any qualification. The reasons for this are explained on the accompanying 'Explanation of 'No' responses' which is an addenda to the Internal Auditor's Report and must be sent to the External Auditor and published to the Council's website. Please understand that I am required to carry out an audit for the *whole* of the year under review, and that my comments only reflect the period when the Council was without a Clerk. The Council was well managed prior to the departure of the previous Clerk, but internal controls and financial management slipped during this period. Following the appointment of the new Clerk, I am pleased to report that there has been a significant improvement in these areas and had my year-end audit only been required to examine the state of affairs at that moment, there would have been no 'No' responses.

The independent internal examination of the Councils governance, financial affairs and certification of the 2025/26 AGAR to the External Auditor was carried out in accordance with the standards laid out in the Accounts and Audit Regulations, 2015 and embodied in the Smaller Authorities Proper Practices Panel Practitioners Guide March 2025.

In summary, we covered the following areas in our examination:

- Proper Bookkeeping
- Financial Regulations, Standing Orders and Payment Controls
- Risk Management and Insurance arrangements
- Budgetary Controls
- Income Controls
- Payroll Controls
- Asset Control
- Bank Accounts and Reconciliation
- Year End Procedures

- Digital and Data compliance
- Charitable Trusts (when appropriate)

We have carried out a review of your web site to evaluate its conformance to the Local Government Transparency Code 2015 which is to be viewed as a minimum standard. We confirm your web site meets this requirement.

We commend the Council on successfully bringing into practice all elements required to comply with Assertion 10 (p.4 of the AGAR). This has been a not inconsiderable task and has entailed as great deal of work.

A copy of our Annual Internal Audit certification (page 3 of the AGAR) for 2025/26 is attached.

It is your Council's responsibility to consider the attached report and the comments below during a council meeting and to consider, if necessary, what actions should be taken to remedy any points raised in the report.

We would wish to draw your council's attention to the following:

1. We note that your general reserves cover (after the exclusion of properly voted earmarked funds of £68,913) is **minus** 0.15 years. We consider this to be a dangerously low level of general reserves balance at the year-end. However, the high level of earmarked reserves does mean that the Council could consider viring monies into different areas if necessary. You will appreciate I am not allowed to instruct you on this matter but also draw your attention to page 38 of the Practitioners Guide 2025 which in para 5.34 gives guidance on General Reserves;
2. The Publication Requirements on page 1 of the AGAR.

In respect of the new Council year we make the following additional observations and recommendations for your consideration:

1. During the fiscal year your council must review the Risk Assessment to ensure that it still reflects the current environment. Your council should then minute its ratification;
2. During the fiscal year your council should review your Standing Orders and Financial Regulations to ensure that they still reflect the current environment. Your council should then minute that ratification. Please note that it is important that your Financial Regulations meet the standard set by those published by the National Association of Local Councils (NALC) April 2025. We shall base our future internal audit plans on the version of the regulations ratified by your council. As the External Auditor will always base their audit on the version considered extant by NALC it is important that you are always closely in line with the NALC template;
3. Copies of your current Standing Orders, Financial Regulations, Risk Assessment and Publication Scheme should be displayed on your councils website and must show the latest date of revision and ratification;
4. You are reminded that when the council discusses, amends or ratifies significant documents copies should be made available on your web site for members of the public to view. These documents should be either appendices

to published minutes and agenda papers or as separate documents on the web site (preferably with a hypertext link to facilitate ease of searching):

5. You must discuss the appointment of your internal auditor and ratify and minute the appointment during the current financial year. We were pleased to have been your internal auditor during 2025/26 and offer ourselves for re-appointment. You may use either our company name (Kim Squires Internal Audit Services) or refer to Kim Squires by name in the minutes;
6. If your council wishes to carry forward earmarked funds at the year-end these must have been ratified by your council. This is best done at the time you draw up the next budget or at final meeting of the fiscal year.

We would take this opportunity to remind you that when the AGAR comes back from the External Auditor you do have a duty to display the accompanying notice of Completion of Audit on each of your usual notice boards and on your council's website.

The complete AGAR and any auditor's comments or qualifications should also be displayed on your website to allow electors to see the complete form and read the External Auditors comments if they wish to do so.

In accordance with Regulation 13 (of the Audit and Accounts Regulations), after the conclusion of the period for the exercise of public rights), the authority must publish (including on its website) the annual governance statements, statement of accounts, and the external auditor's certificate and report – Sections 1, 2 and 3 of the Annual Governance and Accountability Return. Authorities must keep copies of these documents for purchase by a person at a reasonable sum and ensure that they remain available for public access for 5 years

Please do remember to retain a copy of the notice on file as proof that you have followed the requirements of the Local Government Act. You should also minute the External Auditors approval of the AGAR and any qualification or comments made and resolve to take action where necessary.

We will make our next visit in October/November but please do not hesitate to contact me should you require advice in the meantime.

Yours sincerely,