

## Internal Audit Report for Laxfield Parish Council for the period ending 31 March 2025

Clerk	Karen Gregory
RFO (if different)	-
Chairperson	Councillor S Innes
Precept	£ 46,357.00
Income	£151,904.80
Expenditure	£210,637.93
General reserves	£ 7,123.99
Earmarked reserves	£119,413.59 (CIL)
Audit type	Annual – non-exempt authority
Auditor name	<b>Victoria Waples</b>

### Introduction

The primary objective of internal audit is to review, appraise and report upon the adequacy of internal control systems operating throughout the council. To achieve this SALC adopt a predominantly systems-based approach to audit.

The council's internal control system comprises the whole network of systems established within the council to provide reasonable assurance that the council's objectives will be achieved, with reference to:

- the effectiveness of operations
- the economic and efficient use of resources
- compliance with applicable policies, procedures, laws, and regulations
- the safeguarding of assets and interests from losses of all kinds, including those arising from fraud, irregularity, and corruption

- the integrity and reliability of information, accounts, and data

## Methodology

When conducting the audit, the internal auditor may:

- conduct a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year in order to be able to complete the Annual Internal Audit Report 2024/25 of the Annual Governance and Accountability Return (AGAR)
- review the reliability and integrity of financial information and the means used to identify, measure, classify and report such information
- review the means of safeguarding assets and, as appropriate, verify the existence of such assets
- appraise the economy and efficiency with which resources are employed, identify opportunities to improve performance and recommend solutions to problems
- review the established systems to ensure compliance with those policies, procedures, laws, and regulations which could have a significant impact on operations, and determine whether the council complies
- review the operations and activities to ascertain whether results are consistent with objectives and whether they are being conducted as planned

<b>Section 1 – proper bookkeeping</b>		
The internal auditor will look at the methods and processes used to manage the council’s accounts and in particular that it provides clear data for reporting and monitoring purposes. This includes checking information is accurate, kept up to date, referenced and verified.		
<b>Evidence</b>		<i>Internal auditor commentary</i>
<i>Is the ledger maintained and up to date?</i>	Yes	Spreadsheets were submitted for internal audit review which have been used to produce monthly reports. The cashbook remains the focus for day-to-day accounting and the clerk is aware that the balancing off and reconciliation to the bank statement remains the most important control over the accounting system.
<i>Is the ledger on the correct basis in relation to the gross income/expenditure?</i>  (under Proper Practices, Councils are required to work on an Income & Expenditure basis when their gross income, or gross expenditure, exceeds £200,000 for 3 consecutive years)	Yes	Council’s gross income and expenditure level is below the threshold of £200,000 and has been for three (3) continuous years. Council’s operating under this limit may choose either to report on an income and expenditure basis or on a receipts and payments (R&P) basis. Council has elected to report its financial matters on a receipts and payments basis.
<i>Is the cash book up to date and regularly verified?</i>	Yes	The cashbook is reconciled on a regular basis.
<i>Is the arithmetic correct?</i>	Yes	A number of spot checks were conducted, and the functionality of the cashbook was found to be in order.
<b>Additional comments:</b> council might wish to ensure that the cashbook and/or minutes make reference to the powers used to incur expenditure. Statutory powers are granted by Parliament and give local councils the choice or opportunity to take action and are therefore discretionary. Like all powers given to public bodies the powers of local councils are defined in detail in legislation and these details may include a requirement to obtain the consent of another body. Local Councils must exercise their powers subject to the provisions of the general law.		

<b>Section 2 – Financial Regulation and Standing Orders</b>		
The internal auditor will check the date the Council conducted its annual review of both Standing Orders and Financial Regulations and in particular check if these are based on NALC'S latest model which include legislative changes.		
<b>Evidence</b>		<i>Internal auditor commentary</i>
Have Standing Orders been adopted, up to date and reviewed annually?	Yes	Council's Standing Orders were reviewed at the meeting of 10 <sup>th</sup> March 2025. Those seen on the Parish Council's website are dated as such but are based on the model published by the National Association of Local Councils (2018). <i>Comment: whilst council is aware of the requirement to ensure that its standing orders fully tailored to the council and that in accordance with proper practices they need to be regularly reviewed, fit for purpose and adhered to, at the next annual review, council should ensure that Standing Order 18 reflects the changes to the procurements thresholds under the Public Contracts Regulations 2015. These provisions are contained within the Model I Standing Orders (produced by NALC in 2022) and Model Financial Regulations (produced by NALC IN 2024).</i>
Are Financial Regulations up to date and reviewed annually?	<i>Work required</i>	Council's Financial Regulations (FR) were reviewed at the meeting of 10 <sup>th</sup> March 2025. However those seen on the Council's website show a review date of 13 February 2023 and are based on the NALC Model Financial Regulations 2019. <b>Recommendation: SALC have previously advised that new financial regulations were produced in 2024 and contained changes in legislation with particular reference to procurement. Council is advised to adopt the latest version, available from the NALC website at the earliest opportunity.</b>
Has the Council properly tailored the Financial Regulations?	Yes	Financial regulations have been tailored to the parish council.

Has the Council appointed a Responsible Financial Officer (RFO)? <sup>1</sup>	Yes	At the meeting of 10 <sup>th</sup> June 2024, the clerk was confirmed as the s151 Officer (RFO) during the year under review. Council's Financial Regulation 1.8 also confirms that the Clerk is appointed as the person to be responsible for the administration of the financial affairs of the relevant authority. <i>Comment: it is noted that a new clerk commences in April 2025 and the appointment of the s151 Officer will be confirmed in April 2025.</i>
<b><i>Additional comments:</i></b>		

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<sup>1</sup> Section 151 Local Government Act 1972 (d)

<b>Section 3 – Payment controls</b>		
The internal auditor will specifically check bank reconciliation including credit/debit cards and management approval processes and evidence that internal Financial Regulations (FO) are being followed. The internal auditor will examine how regular payments are managed and specifically seek evidence that these have been brought back to the Council for verification purposes especially where the actual payment made differs from the amount previously agreed. VAT should be clearly identified including evidence that claims have been correctly managed. The internal auditor will check if the Council has a clear understanding on eligibility in relation to the General Power of Competence and that s.137 has been correctly applied and managed.		
<b>Evidence</b>		<i>Internal auditor commentary</i>
Is there supporting paperwork for payments with appropriate authorisation?	Yes	<p>A selection of random payments were cross checked against payment authorisation slips, cash book, bank statement and invoices and all were found to be recorded/ authorised in accordance with Proper Practices. A further spot check of items paid via the system from the Council's Accounts was also cross checked against cashbook, bank statements and invoices. All were found to be in order. A spot check of payments made under contractual terms were further analysed and all were found to be in accordance with agreed schedules and sums approved.</p> <p>A financial statement is submitted with the agenda detailing the payments to be made, but there is no with reference made within the body of the minutes as to the payments being authorised.</p> <p><b>Recommendation: in accordance with council's own financial regulations, the schedule of payments requiring authorisation should form part of the agenda for the meeting and the detailed list of all payments should be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised.</b></p>
Where applicable, are internet banking transactions properly recorded and approved?	Yes	<p>Internet banking is operated in accordance with the Council's own Financial Regulations and is used for the settlement of the Council's expenditure. The council's internal controls details the procedure to be followed for the making of such payments in accordance with council's own Financial Regulations.</p>

<p>Is VAT correctly identified, recorded, and claimed within time limits?</p>	<p>No</p>	<p>VAT is identified in the cash book. The VAT claims for the periods ending 31<sup>st</sup> July 2024 (£2990.55) and 31<sup>st</sup> December 2024 (£1,488.75 and £22,049.15) were settled during the year ending 31<sup>st</sup> March 2025.</p> <p>However, following a review by the internal auditor into the latter claim for the period ending 31<sup>st</sup> December 2024 the following errors were discovered:</p> <ol style="list-style-type: none"> <li>1. Invoice 078 (Deben Ponds Ltd) shows a VAT element of £125.00 and yet £150.00 has been reclaimed.</li> <li>2. Invoice APL5075r1 (Action Play and Leisure) shows a VAT element of £4,470.46 and yet £5,364.11 has been reclaimed.</li> <li>3. Invoice APL23525 (Action Play and Leisure) should be investigated as the VAT element claimed is £14,369.91. The internal auditor believes that the correct VAT element should be £11,974.93 (gross invoice £71,849.55).</li> </ol> <p><b>Recommendation: an error in a submitted VAT return can be made by making an adjustment in the next return as long as the net value of the error is £10,000 or less, between £10,000 and £50,000 but less than 1% of the total value of sales and not a deliberate error and the error occurred within the last four years. Council is advised to ensure that the adjustment in the VAT declared in the next return is made to correct the errors identified.</b></p>
<p>Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly?<sup>2</sup></p>	<p>N/A</p>	<p>The council has not confirmed that it is eligible to exercise the GPOC.</p>
<p>Are payments under s.137<sup>3</sup> separately recorded, minuted and is there evidence of direct benefit to electorate?</p>	<p>Yes</p>	<p>Payments identified as being made under this power for the year under review totalled £6,938.76.</p> <p>However upon a review of this power, council should consider whether the use of the following powers would be more suited for the payments made for the D Day event:</p>

<sup>2</sup> Localism Act

<sup>3</sup> Section 137 of the Local Government Act 1972 (“the 1972 Act”) enables local councils to spend a limited amount of money for purposes for which they have no other specific statutory expenditure. The basic power is for a local council to spend money (subject to the statutory limit – of £10.81 per elector) on purposes for the direct benefit of its area, or part of its area, or all or some of its inhabitants.

		Power to contribute to the provision of entertainment and support for the arts including festivals and celebrations: LGA 1972 section 145.
Where applicable, are payments of interest and principal sums in respect of loans paid in accordance with agreements?		The council has the following Public Works Board Loan: PW494126. Interest repayments are to be made twice yearly on the nearest working day to 3 <sup>rd</sup> June and 3 <sup>rd</sup> December under a fixed EIP (equal instalments of principal) repayment method. Interest is charged at 4.810. The half yearly annuity payments of £5,644.59 were made on 3 <sup>rd</sup> June and 3 <sup>rd</sup> December 2024. Balance outstanding as at 31 <sup>st</sup> March 2025 was seen and verified as £74,237.72.
<b>Additional comments:</b>		

<b>Section 4 – Risk management</b>		
The internal auditor will expect to find evidence of the management of risks from identification of what those are for each individual Council through to how these will be managed and the controls in place to mitigate these and that these have been approved by the Council.		
<b>Evidence</b>		Internal auditor commentary
<i>Is there evidence of risk assessment documentation?</i>	Yes	The risk assessment documentation as reviewed provides details of the risks associated with the functioning of a smaller authority and the measures that the Council will undertake to mitigate such risks. The Risk Register for the year under review was considered and adopted by the council at its meeting of 10 <sup>th</sup> March 2025.
<i>Is there evidence that risks are being identified and managed?</i>	Yes	Council is aware that risk assessment needs to focus on the safety of the parish council's assets and in particular its money. There is evidence that overall the parish council has taken action to identify and assess those risks and has considered what actions or decisions it needs to take during the year to manage in order to avoid financial or reputational consequences. <i>Comment: council has in place monitoring documents which identify the risks involved with and the potential for improvements to its arrangements to protect public money. It provides the opportunity for reviews of operational as well as financial and governance reviews by non-councillor members,</i>

		<i>thereby separating the roles of overview from that of authorisation, to ensure that it has mitigation measures in place to address the risks associated with the council's day to day operations.</i>
<i>Does the Council have appropriate and adequate insurance cover in place for employment, public liability and fidelity guarantee and has been reviewed on an annual basis?</i>	Yes	<p>Council has insurance in place its main insurance under a Local Councils &amp; not for profit organisations policy with Hiscox. Core cover for the council's insurance policy is shown as: Public &amp; Products Liability: £10million; Employer's Liability: £10million and Fidelity Guarantee of £500thousand. Vehicle insurance for the council owned tractor is provided by NFU Mutual.</p> <p><i>Comment: Council has followed recommended guidance by ensuring that its Fidelity Cover is equal to at least the sum of the year-end balances plus 50% of the precept/grants to be received in the following April/May and/or during the year upon receipt of grants.</i></p> <p>During the year under review, council is able to demonstrate, as evidenced from a review of the minutes, that it is aware that it is the responsibility of the Council as a whole to satisfy itself that insurances are adequate and that all steps have been taken to mitigate and manage identified risks with appropriate insurance and that annual reviews of the Council's insurance were undertaken prior to renewal.</p> <p><i>Comment: Council has ensured that it is able to demonstrate that it has reviewed the risks facing the Council in transacting its business and has taken out appropriate insurance to manage and reduce the risks relating to property, cash and legal liability (amongst other things).</i></p>
<i>Evidence that internal controls are documented and regularly reviewed<sup>4</sup></i>	Yes	<p>Council adopted its Internal Control Statement for the year ending 31<sup>st</sup> March 2025 at the meeting of 10<sup>th</sup> March 2025. As such, it is evidenced from the document seen, that the council, in accordance with Regulation 6 of the Accounts and Audit Regulations 2015, confirmed that the financial and management systems of the council were sound and adequate and internal control arrangements were efficient and effective to address the risks associated with the management of public finances.</p>
<i>Evidence that a review of the effectiveness of internal audit was conducted during the year, including</i>	Yes	<p>The council formally reviewed the scope and effectiveness of its internal audit arrangements within the internal control statement adopted by council at its meeting of 10<sup>th</sup> March 2025.</p>

<sup>4</sup> Accounts and Audit Regulations

<i>consideration of the independence and competence of the internal auditor prior to their appointment<sup>5</sup></i>		<i>Comment: Council is aware that in accordance with the Accounts and Audit Regulation 2015, the parish council must review the terms of reference and effectiveness of internal audit and demonstrate that it has understood that the role of internal audit is to evaluate and report on the adequacy of the system of internal control.</i>
<b>Additional comments:</b>		

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<sup>5</sup> Practitioners Guide

<b>Section 5 – Budgetary controls</b>		
The internal auditor will seek verification that budgets are properly prepared, agreed and monitored. In particular they will look for evidence of good practice in that the key stages of the budgetary process have been followed		
<b>Evidence</b>		Internal auditor commentary
<i>Verify that budget has been properly prepared and agreed</i>	Yes	The budget for the year 2024-2025 was approved at the Council meeting of 8 <sup>th</sup> January 2024 and from papers seen on the website was set at £219,031 to be funded from the precept, known income streams and CIL reserves. The budget for the year 2025-2026 was approved at the council meeting of 28 <sup>th</sup> January 2025 with evidence produced that this would be set at £152,700 to be funded by the precept, known income streams and CIL reserves. <i>Comment: council might wish to evidence within the minutes the actual budget being set alongside the reasoning for such a budget thereby ensuring transparency in the budgetary process followed by the council.</i>
<i>Verify that the precept amount has been agreed in full Council and clearly minuted</i>	Yes	The precept for the year 2024-2025 was set at £46,537 at the meeting of 8 <sup>th</sup> January 2024 with the minutes indicating that this would result in a decrease in real terms in the parish council's tax portion from that set for the previous year. The precept for the year 2025-2026 was discussed and approved at the meeting of 28 <sup>th</sup> January 2025 and set at £53,000. The minutes show that this would represent a 9.29% increase on a Band D Council Tax dwelling over that set for the previous year resulting in a Council Tax Band D of £107.64.
<i>Regular reporting of expenditure and variances from budget</i>	Yes	The minutes evidence that council conducted reviews covering the budget for the current year with a review of income and expenditure against budget at each meeting. A monitoring statement is produced which includes a breakdown of all receipts and payments balance with variances against budgets and details of virements as approved by the council to balance the budget set. <i>Comment: Council in accordance with its own standing order 17c produces regular statements showing evidence of comparisons between budgeted and</i>

		<i>actual income and expenditure to form the basis of approval for virements in accordance with Council's own Standing Orders.</i>
<i>Reserves held – general and earmarked<sup>6</sup></i>	Yes	The Council, as at year-end, had General Reserves totalling £7,123.99 and Earmarked Reserves of £119,413.59 (CIL). <i>Comment: Council might wish to note guidance as issued by Proper Practices which states that it is regarded as acceptable for a council's general (non-earmarked revenue) reserves to be equal to 3 to 12 months of Net Revenue Expenditure and should ensure that the level of general reserves held is in accordance with an adopted General Reserve Policy. There is no upper limit for Earmarked Reserves, but they should be held for genuine and intended purposes and their level subject to regular review and justification (at least annually).</i>
<b><i>Additional comments:</i></b>		

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<sup>6</sup> In accordance with proper practices, the generally accepted minimum level of a Smaller Authority's General Reserve is that this should be maintained at between three (3) and twelve (12) months of Net Revenue Expenditure

<b>Section 6 – income controls</b>		
The internal auditor will seek evidence to ensure income is correct managed – recorded, banked, and reported and test mechanisms used to achieve this.		
<b>Evidence</b>		Internal auditor commentary
<i>Is income properly recorded and promptly banked?</i>	Yes	Income is recorded in accordance with Council's Financial Regulations. A sample of receipts was checked against cash book and bank statement and found to be in order and recorded in accordance with Proper Practices. The RFO has ensured that the accounting records contain all day-to-day entries of all sums of money received. It is confirmed that cemetery fees were reviewed in January 2024 with new fees and charges being implemented from 1 <sup>st</sup> April 2024. Council further reviewed its fees in January 2025 agreeing that there would be no increase for the coming year. Council maintains a formal burial register showing details of payments for interments and memorials with fees being charged at the correct approved rate and recovered in a timely manner.
<i>Is income reported to full council?</i>	Yes	Income received is reported to full Council within the financial reports submitted to full Council in accordance with council's financial regulations.
<i>Does the precept recorded agree to the Council Tax Authority's notification?</i>	Yes	Council received precept in the sum of £46,357 from Mid Suffolk District Council for the period under review as reported to full Council within its Financial Reports at its meetings in April and September 2024. Evidence was provided showing a full audit trail from Precept being discussed and approved to being served on the Charging Authority to remittance advice showing the Precept to be paid and receipt of same in the council's bank account.
<i>If appropriate, are CIL reporting schedules in accordance with the Regulations?<sup>7</sup></i>	Yes	During the year under review, council received CIL receipts totalling £38,021.34 (April - £23,178.50 and October £18,004.64). The RFO has created an Earmarked Reserve for retained CIL balances.
<i>Is CIL income reported to the council?</i>	Yes	CIL receipts received are reported to council within the financial reports submitted.

<sup>7</sup> Community Infrastructure Levy Regulations 2010

<i>Does unspent CIL income form part of earmarked reserves?</i>	Yes	The CIL workings for 2024-2025 shows that there is a retained balance of £126,275.32 which has been transferred into in an Earmarked Reserve specifically allocated, in accordance with the Regulations.
<i>Has an annual report been produced?</i>	Yes	The Annual CIL Statement has been produced and signed by the Clerk and Chair.
<i>Has it been published on the authority's website?</i>	Yes	The Annual CIL Statement for the year has been uploaded onto the council's website. <i>Comment: council is aware that the Regulations provided clarity on the timing of the reports, and by which date they should be brought into the public domain.</i>
<b><i>Additional comments:</i></b>		

<b>Section 7 – petty cash</b>		
The Internal Auditor will seek evidence that the Council has followed its own policies, procedures, and verification processes and that these are up to date.		
<b>Evidence</b>		Internal auditor commentary
<i>Is petty cash in operation?</i>	N/A	Council does not operate a petty cash system
<i>If appropriate, is there an adequate control system in place?</i>	N/A	
<b>Additional comments:</b>		

<b>Section 8 – Payroll controls</b>		
The Internal Auditor will check salaries were approved in accordance with PAYE, NI, Pension and that there is a clear understanding that the clerk is not self-employed. The Internal Auditor will also review how payroll is managed including evidence of approval of payslips.		
<b>Evidence</b>		Internal auditor commentary
<i>Do all employees have contracts of employment?</i>	Yes	Council had 1 employee on its payroll at the period end of 31 <sup>st</sup> March 2025. Employment contracts were not reviewed during the internal audit but the Clerk to the Council has confirmed that all staff have a contract of employment in place.
<i>Has the Council approved salary paid?</i>	Yes	All salary payments are presented to full Council for approval and payment is made via internet banking in accordance with council's own Financial Regulations. Amendments to salary points, working hours, budgets and support for training are all approved by full council. <i>Comment: Council ensures that there are suitable payroll arrangements in place which ensures the accuracy and legitimacy of payments of salaries and wages, and associated liabilities and as such the council has complied with its duties under legislation.</i>
<i>Minimum wage paid?</i>	No	No employee is paid the minimum wage.
<i>Are arrangements in place for authorising of the payroll and payments to the council? Does this include a verification process for agreeing rates of pay to be applied?</i>	Yes	There are suitable payroll arrangements in place which ensures the accuracy and legitimacy of payments of salaries and wages, and associated liabilities and as such the council has complied with its duties under legislation.
<i>Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?</i>	Yes	The payroll function for the year under review is operated in accordance with HM Revenue and Customs guidelines and outsourced to Suffolk Association of Local Councils. Cross-checks were completed on a sample of payments covering salary and all were found to be in order. Deductions due to be paid to HM Revenue and Customs during the year under review were made within the requisite time periods.

<i>Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?<sup>8</sup></i>	<i>Unclear</i>	It is noted that the internal audit report for the previous year mentioned that no pension provision was required by the current members of staff. It is unclear as to whether council is aware that even if the member of staff chooses to opt out of the council's pension scheme, the council must still complete declaration of complains with the Pension Regulator.
<i>Have pension re-declaration duties been carried out</i>	Yes	The Clerk has confirmed that they did not wish to be part of a pension scheme and reconfirmed this during a meeting in 2023-2024. Relevant documentation has been submitted, and council has complied with its duties under the workplace pension rules. <i>Comment: For further guidance as to the council's duties as an employer with regards to automatic enrolment please visit the <a href="#">Pensions Regulator website</a>.</i>
<i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i>	Yes	There is a satisfactory expense system in place and all expenses claimed are approved by full council with supporting paperwork in place and reimbursed in accordance with Council's Financial Regulations.
<b>Additional comments:</b>		

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<sup>8</sup> The Pension Regulator – [website click here](#)

<b>Section 9 – Asset control</b>		
<p>The Internal Audit will be seeking to establish if there is a list of assets in accordance with proper practices including the date of acquisition, location, and value. This extends to checking policies (with evidence of review) and that the Council has applied the documented approach in practice. The Internal Auditor will check not only valuation processes but the existence of reserve budgets for depreciation and adequacy of insurance. A clear audit trail should be available when items are purchased including minutes to evidence approval.</p>		
<b>Evidence</b>		Internal auditor commentary
<i>Does the Council maintain a register of material assets it owns and manage this in accordance with proper practices?<sup>9</sup></i>	Yes	The Asset Register, as submitted for internal audit review, reflects those items listed under insurance and within the parish council's remit for maintenance and ownership. It is noted that the declared value for all assets at year-end (31.03.2025) is £116,163 which reflects acquisitions during the year under review. For comparison, the declared value on the asset register as at 31.03.24 was £82,363.
<i>Is the value of the assets included? (Note value for insurance purposes may differ)</i>	Yes	Council is mindful of the guidance within the Governance and Accountability for Smaller Authorities in England March 2024 on the valuation of its assets and has ensured that where the acquisition value of the asset at the time of first recording is used, that method of valuation has been consistently applied.
<i>Are records of deeds, articles, land registry title number available?</i>	Yes	Records of deeds, articles, land registry title number were not reviewed during the internal audit which was conducted via remote means.
<i>Are copies of licences or leases available for assets sited at third party property?</i>	N/A	Council has confirmed that it does not have any assets located on third party property.
<i>Is the asset register up to date and reviewed annually?</i>	Yes	The asset register seen was approved by council at its meeting of 10 <sup>th</sup> March 2025 and the values seen on the Asset Register £116,163 (rounded) match those on the Draft Accounting Statements.
<i>Cross checking of insurance cover</i>	Yes	Council has insurance under all risks cover for its assets as specified on the insurance schedule. Contents other (other property) are generic under heading within the 'All Risks Category' and have been given a value in accordance with the policy held.

<sup>9</sup> Practitioners Guide

***Additional comments:***

<b>Section 10 – bank reconciliation</b>		
The internal auditor will seek to establish that the Council understands and can evidence good practice and internal control mechanisms in relation to bank reconciliation.		
<b>Evidence</b>		Internal auditor commentary
<i>Is bank reconciliation regularly completed and reconciled with the cash book and cover every account?</i>	Yes	Bank reconciliations are completed on a regular basis and reconcile with the cash sheets. Overall there is regular reporting of bank balances within the detailed financial reports submitted to full council.
<i>Do bank balances agree with bank statements?</i>	Yes	Bank balances as of 31 <sup>st</sup> March 2025 agree with the year-end bank statements and at year end stood at £126,537.58 across the accounts held in the parish council's name. <i>Comment: Council might wish to take benefit from the provisions of the Financial Services Compensation Scheme (FSCS) which provides that up to £85,000 will be automatically compensated per bank and building society. Council should be aware of the risks involved in the holding of sums within one or two banking organisations and the consideration of the costs/benefits of placing funds within a range of accounts to secure maximum protection under the FSCS is considered good practice.</i>
<i>Is there regular reporting of bank balances at Council meetings?</i>	Yes	Balances across the Council's accounts are reported at each meeting of full Council. The minutes of council meetings, demonstrate that an internal review and verification of the bank reconciliation versus the bank statements has been undertaken. This is not only good practice but is also a safeguard for the RFO and fulfils one of the authority's internal control objectives.
<b>Additional comments:</b>		

<b>Section 11 – year end procedures</b>		
<b>Evidence</b>		<i>Internal auditor commentary</i>
<i>Are appropriate accounting procedures used?</i>	Yes	Accounts are produced on a receipts and payments basis, and all found to be in order.
<i>Financial trail from records to presented accounts</i>	Yes	The end of year accounts were presented for the internal auditor review and confirmation is given that there is a clear financial trail from records to presented accounts.
<i>Has the appropriate end of year AGAR<sup>10</sup> documents been completed?</i>	Yes	As Council is a smaller authority with gross income and expenditure exceeding £25,000 it will be required to complete the Annual Governance and Accountability Return (AGAR) Form 3. The Accounting Statements were submitted in draft form for the internal audit review, and it is assumed that the figures submitted will be those that are replicated in their entirety onto the AGAR.
<i>Did the Council meet the exemption criteria and correctly declared itself exempt?</i>	N/A	As the council had gross income and expenditure exceeding £25,000 during 2023-2024 it was not able to declare itself exempt from a limited assurance review for the year ending 31 <sup>st</sup> March 2024.
<i>During the period in question did the small authority demonstrate that it correctly provided for the exercise of public right as required by the Accounts and Audit Regulations 2015?</i>	Yes	Council has demonstrated that during the year under review, it ensured that the period for the exercise of elector’s rights during Summer 2024 was in accordance with the period specified within the Accounts and Audit Regulations 2015. The dates set were 4 <sup>th</sup> June to 16 <sup>th</sup> July 2024 as confirmed in the minutes of 10 <sup>th</sup> June 2024.  <i>Comment: within the Annual Internal Audit Report, internal control objective test M requires the internal auditor to establish whether the parish council correctly provided for the exercise and published a copy of the required “Public Notice” by ensuring that it clearly identified the statutory 30 working day period when the Authority’s records are available for public inspection. This is evidenced by the notice on the website which contains the period for</i>

<sup>10</sup> Annual Governance & Accountability Return (AGAR)

		<p><i>the exercise of public right; details of the manner in which the documents can be inspected; the name and address of the external auditor and the provisions as contained under section 25 and section 27 of the Act.</i></p> <p><b>Note: council should note that there is a specific form that should be uploaded to the website, as well as the noticeboard for the notification of the period for the exercise of public rights. Previously, council has uploaded the form that is for submission to the external auditors only and not for publication.</b></p>
<p><i>Have the publication requirements been met in accordance with the Regulations?<sup>11</sup></i></p>	<p>Yes</p>	<p>The Council has complied with the requirements of the Accounts and Audit Regulations 2015 for smaller authorities with income and expenditure exceeding £25,000 for the year ending 31st March 2023 and published the following on a public website:</p> <ul style="list-style-type: none"> <li>• Notice of the period for the exercise of public rights</li> <li>• Annual Internal Audit Report</li> <li>• Notice of conclusion of audit</li> <li>• Section 3 – External Auditor’s Report and Certificate of the AGAR</li> <li>• Sections 1 and 2 of the AGAR including any amendments as a result of the limited assurance review.</li> </ul>
<p><b>Additional comments:</b></p>		

<sup>11</sup> Accounts and Audit Regulations 2015

<b>Section 12 – internal audit</b>		
The internal auditor will revisit weaknesses and recommendations previously identified to see if these have been addressed. They will also check if any changes introduced require further verification to ensure effectiveness of the corrective action taken.		
<b>Evidence</b>		<i>Internal auditor commentary</i>
<i>Has the Council considered the previous internal audit report?</i>	Yes	The Internal Audit Report for the period ending 31 <sup>st</sup> March 2024 was formally considered by and approved for adoption at the meeting of full Council of 20 <sup>th</sup> May 2024.
<i>Has appropriate action been taken regarding the recommendations raised?</i>	N/A	There were no matters raised which required the submission of a separate report identifying areas of improvement or development.
<i>Has the Council confirmed the appointment of an internal auditor?</i>	Yes	The appointment of the person to act as the parish council's independent internal auditor for the year 2024-2025 was approved at the council meeting of 13 <sup>th</sup> January 2025. <i>Comment: Council has understood the requirement to ensure that there is an appointed person to provide assurance that the financial and management systems of the council are sound and adequate and internal control arrangements are efficient and effective.</i>
<i>Has the letter of engagement been approved by full council?</i>	To be actioned	The letter of engagement is scheduled to be approved at the meeting of 14 <sup>th</sup> April 2025.
<b>Additional comments:</b> <i>Comment: by approving the letter of engagement, Council will be following Proper Practices by ensuring it has clarity on the provision of internal audit including the roles and responsibilities, audit planning and timing of visits, reporting requirements, rights to access to information, members and officers, period of engagement and remuneration.</i>		

<b>Section 13 – external audit for the period under review</b>		
The internal auditor will revisit the external audit so that previous weaknesses and recommendations can be considered.		
<b>Evidence</b>		<i>Internal auditor commentary</i>
<i>Has the Council considered the previous external audit report?<sup>12</sup></i>	Yes	At the meeting of full Council of 9 <sup>th</sup> September 2024, Council considered the report from the External Auditor for the year ending 31 <sup>st</sup> March 2024.
<i>Has appropriate action been taken regarding the comments raised?</i>	N/A	There were no matters which come to the attention of the external auditor which have cause for concern that relevant legislation and regulatory requirements had not been met. The conclusion of the audit, including the certificate and audited accounts were seen on the council's website.
<b>Additional comments:</b>		

<sup>12</sup> Regulation 20 Accounts and Audit Regulations 2015 – *following completion of an audit the Council should note that it is the Council as a whole (i.e., All members) and not a committee that should receive and consider the audit letter (including Annual Return and Certificate) from the local auditor as soon as reasonably practicable and the minutes should reflect that these have been received.*

<b>Section 14 – additional information</b>		
The internal auditor will look for additional evidence of good record keeping, compliance with data protection regulations, freedom of information and website accessibility regulations.		
<b>Evidence</b>		<i>Internal auditor commentary</i>
<i>Was the annual meeting held in accordance with legislation?</i> <sup>13</sup>	Yes	Council held its Annual Meeting of the Parish Council at which the Chair was elected on 20 <sup>th</sup> May 2024 in accordance with legislation in place at that time.
<i>Is there evidence that Minutes are administered in accordance with legislation?</i> <sup>14</sup>	Yes	Council is aware that that under LGA 1972 schedule 12, paragraphs 41(1) and 44 the draft minutes of a meeting should be formally approved (with any necessary amendments) at the next meeting. At each meeting, the Chair is given formal approval to sign the minutes.
<i>Is there a list of members' interests held?</i>	Yes	A copy of the members' interests for all serving councillors was seen on the district council's website. There is however no link from the parish council's own website to that of the district.
<i>Does the Council have any Trustee responsibilities and if so, are these clearly identified in a Trust Document?</i>	N/A	Council has no declared trustee responsibility.
<i>Has the Transparency Code been correctly applied, and information published in accordance with current legislation?</i>	<i>In progress</i>	Council should be aware that councils with gross income and expenditure under £25,000 are required to follow the Local Government Transparency Code 2014 for smaller authorities. For those authorities that fall between the Transparency Code 2014 and the Transparency Code 2015 (gross income and expenditure exceeding £200,000), councils should strive to follow the provisions of the 2015 code. <i>Comment: Council might wish to review its provisions and consider whether it might be able to work towards ensuring compliancy with the requirements of publishing the following data on its website in accordance with the required timescales:</i> <i>Publish quarterly: Individual items of expenditure that exceed £500 (currently published on an annual basis); Government Procurement Card</i>

<sup>13</sup> The Local Government Act 1972 Schedule 12, paragraph 7 (2) and Schedule 15 (2)

<sup>14</sup> Public Bodies (Admission to Meetings) Act 1960, Local Government Act 1972, and the Localism Act 2011

		<i>transactions; Invitations to tender for contracts over £5,000; Details of contracts that exceed £5,000.          Publish annually: Details of all land and building assets; Grants to Voluntary, Community and Social Enterprise Organisations; Organisational Chart.</i>
<i>Has the Council registered with the Information Commissioner's Office (ICO)?<sup>15</sup></i>	Yes	The Council is correctly registered with the Information Commissioner's Office (ICO) as a Data Controller in accordance with the Data Protection Legislation. The adopted Model Publication Scheme as defined under the Freedom of Information 2000 has been uploaded onto the website and accurately reflects council's activities undertaken.
<i>Is the Council compliant with the General Data Protection Regulation requirements?</i>	Yes	Council has taken active steps to ensure compliancy with the GDPR requirements and has reviewed its adopted GDPR Policies during the year ensuring that they continue to provide clear responsibilities and obligations of the Council in respect of the collecting, using and protecting of personal information in accordance with the provisions of the GDPR. <i>Comment: The Privacy Policy on the Parish Council's website covers the framework that the public can expect for dealing with requests from individuals who have the right to know what data is held on them, why the data is being processed and whether it will be given to any third party.</i>
<i>Has the Council published a website accessibility statement on their website in line with Regulations?<sup>16</sup></i>	Yes	Council has published a website accessibility statement on the council operated website detailing the technical information of the website along with the methods used for testing the website; the steps being taken to improve accessibility and how the site is being improved to ensure that content meets the WCAG 2.1 Standard under Regulation 8 of the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018.
<i>Does the council have official email addresses for correspondence?<sup>17</sup></i>	Yes	Council operates with a .gov.uk email address for the council's officers and councillors thereby complying with GDPR and demonstrating that the council has an official status thereby building trust, credibility and authenticity.

<sup>15</sup> Data Protection Act 2018

<sup>16</sup> Website Accessibility Regulations 2018

<sup>17</sup> Practitioners Guide

		<i>Comment: council has noted Proper Practice guidance which states that every authority should have an email account that belongs to the council and to which the council has access.</i>
<i>Is there evidence that electronic files are backed up?</i>	Yes	Council uses a system whereby a back-up of the council's data is taken and stored appropriately.
<i>Do terms of reference exist for all committees and is there evidence these are regularly reviewed?</i>	N/A	Council does not operate a committee system.
<b><i>Additional comments:</i></b>		

Signed: *Victoria S Waples*

Date of Internal Audit Review: 03.04.25, 05.04.25, 06.04.25

Date of Internal Audit Report: 07.04.2025

On behalf of Suffolk Association of Local Councils