

Internal Audit Report for Great and Little Whelnetham Parish Council for the period ending 31 March 2025

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| Clerk | Elaine Gorman |
| RFO (if different) | - |
| Chairperson | Peter Royce |
| Precept | £ 13,953 |
| Income | £ 23,055.92 |
| Expenditure | £ 35,201.65 |
| General reserves | £3,074.92 |
| Earmarked reserves | £3000.00 |
| Audit type | Annual: non-exempt authority |
| Auditor name | Alan Melton |

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

| Section 1 – proper bookkeeping 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. | | |
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| Evidence | | Internal auditor commentary |
| <i>Is the ledger maintained and up to date?</i> | Yes | The council uses spreadsheets for the basis of accounts in accordance with recommended practises |
| <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 | The accounts are conducted on a receipts and payments basis as the gross income is less than £200,000 The gross income is: £23,055.92 Th gross expenditure is: £35,201.65 |
| <i>Is the cash book up to date and regularly verified?</i> | Yes | The cash book is up to date and is correct and demonstrates clear and transparent accounting, the cash book clearly shows: <ul style="list-style-type: none"> • Dates • Items • Payments • Credits • VAT • Precept • Grants |
| <i>Is the arithmetic, correct?</i> | | |
| Additional comments: | | |

| Section 2 – Financial Regulation and Standing Orders 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. | | |
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| Evidence | | <i>Internal auditor commentary</i> |
| Have Standing Orders been adopted, up to date and reviewed annually? | Yes | Standing orders have been reviewed and adopted 13 th January 2025, The Standing Orders are based on the latest NALC Model Standing Orders. The Standing Orders are compliant with current legislation |
| Are Financial Regulations up to date and reviewed annually? | Yes | The Financial Regulations have been reviewed and adopted 13 th January 2025 and are based on the latest NALC Model Financial Regulations |
| Has the Council properly tailored the Financial Regulations? | Yes | The Financial Regulations have been tailored to meet the needs of the council. |
| Has the Council appointed a Responsible Financial Officer (RFO)? ¹ | Yes | In accordance with Section 151 of the local Government Act 1972 (d) the council has appointed a Responsible Financial Officer and confirmed at the council meeting 13 th May 2024 |
| Additional comments: | | |

¹ Section 151 Local Government Act 1972 (d)

Section 3 – Payment controls

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.

| Evidence | | Internal auditor commentary |
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| Is there supporting paperwork for payments with appropriate authorisation? | Yes | I asked the RFO to send a selection of paid invoices all were cross checked against the cash book and are all in order |
| Where applicable, are internet banking transactions properly recorded and approved? | N/A | The council does not operate internet banking. Cheques are issued in accordance with the council's Financial Regulations and are presented at council meetings for authorisation. |
| Is VAT correctly identified, recorded, and claimed within time limits? | Yes | VAT is properly identified in the cash book; VAT is re-claimed regularly within time limits. A VAT Claim was submitted 30 th September 2024 for the sum of £2,812.65. A list of invoices have been available for Internal Audit. |
| Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly? ² | N/A | The council has not adopted the General Power of Confidence |
| Are payments under s.137 ³ separately recorded, minuted and is there evidence of direct benefit to electorate? | Yes | There is one s137 payment £100 |
| Where applicable, are payments of interest and principal sums in respect of loans paid in accordance with agreements? | N/A | The council has no outstanding Loans |

² Localism Act

³ 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.

Additional comments:

| Section 4 – Risk management | | |
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| 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. | | |
| Evidence | | Internal auditor commentary |
| <i>Is there evidence of risk assessment documentation?</i> | Yes | There is a full and comprehensive Risk Assessment. The Risk Assessment was reviewed 13h May 2024 |
| <i>Is there evidence that risks are being identified and managed?</i> | Yes | There is Risks are well managed effectively. |
| <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 | The council has an Insurance Policy with Zurich Municipal Policy number: YLL-2720868683 and is reviewed annually <ul style="list-style-type: none"> • Public Liability £12m • Employers Liability £10m • All Riks £76k • Fidelity Guarantee £250k |
| <i>Evidence that internal controls are documented and regularly reviewed⁴</i> | Yes | Internal controls are in accordance with Regulation 6 of the Accounts and Audit Regulations 2015. The council's financial and management controls are robust and meet the needs of the council |
| <i>Evidence that a review of the effectiveness of internal audit was conducted during the year, including consideration of the independence and competence of the internal auditor prior to their appointment⁵</i> | Yes | The Internal Audit Report was considered at the meeting of the council 24 th June 2024. The Audit was carried out by Suffolk Association of Local Councils |

⁴ Accounts and Audit Regulations

⁵ Practitioners Guide

Additional comments:

| Section 5 – Budgetary controls | | |
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| 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 | | |
| Evidence | | Internal auditor commentary |
| <i>Verify that budget has been properly prepared and agreed</i> | Yes | The council has properly prepared a budget for 2024/2025 December 2024 He council agreed the budget on 15 th January 2024 |
| <i>Verify that the precept amount has been agreed in full Council and clearly minuted</i> | Yes | The precept was agreed at the meeting 15 th January 2024. It was agreed to request from West Suffolk District Council the sum of £13,953 which is an increase from 2023/2024 of £1,033 |
| <i>Regular reporting of expenditure and variances from budget</i> | Yes | All expenditure and variances are reported to full council at all meetings |
| <i>Reserves held – general and earmarked⁶</i> | Yes | The General reserves are £3,074.00 The Earmarked reserves are £3,000 |
| Additional comments: | | |

⁶ 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

| Section 6 – income controls | | |
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| The internal auditor will seek evidence to ensure income is correct managed – recorded, banked, and reported and test mechanisms used to achieve this. | | |
| Evidence | | Internal auditor commentary |
| Is income properly recorded and promptly banked? | Yes | All income is recorded and reported at all council meetings in accordance with Standing Orders and Financial Regulations |
| Is income reported to full council? | Yes | All income is reported at all council meetings |
| Does the precept recorded agree to the Council Tax Authority’s notification? | Yes | The precept as recorded agrees with the notification. The precept of £13,953 is recorded in the cash book and is correctly entered on Section 2 – Accounting Statements 2024/2025 Box 2 |
| If appropriate, are CIL reporting schedules in accordance with the Regulations? ⁷ | N/A | The council has no CIL Income |
| Is CIL income reported to the council? | N/A | |
| Does unspent CIL income form part of earmarked reserves? | N/A | |
| Has an annual report been produced? | N/A | |
| Has it been published on the authority’s website? | N/A | |
| Additional comments: | | |

⁷ Community Infrastructure Levy Regulations 2010

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| Section 7 – petty cash 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. | | |
| Evidence | | Internal auditor commentary |
| <i>Is petty cash in operation?</i> | <i>No</i> | The Council does not operate a petty cash system. |
| <i>If appropriate, is there an adequate control system in place?</i> | <i>N/A</i> | |
| Additional comments: | | |

| Section 8 – Payroll controls | | |
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| 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. | | |
| Evidence | | Internal auditor commentary |
| <i>Do all employees have contracts of employment?</i> | Yes | The council has one employee on the payroll 2024/2025, the Clerk. Employment contract/documents were not reviewed for Internal Audit The council approves the salary and payments. Payments are recorded in the cash book and paid in accordance with the council's Financial Regulations The council does not pay minimum wage. |
| <i>Has the Council approved salary paid?</i> | Yes | |
| <i>Minimum wage paid?</i> | No | |
| <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 | All payments of salary are reported to council for approval and payment, in accordance with the council's Financial Regulations |
| <i>Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?</i> | Yes | The Association of Suffolk Local Councils carries out the payroll function on behalf of the council. All deductions and payments of PAYE and NIC is calculated and paid the HMRC in line with HMRC guidelines |
| <i>Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?⁸</i> | Yes | The council is aware of its pension responsibilities |
| <i>Have pension re-declaration duties been carried out</i> | Yes | Re-declaration was 28 th June 2022, re-declaration renewal has been submitted for 2025 |
| <i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i> | Yes | All expenses and other payments are reported to full council for approval and payment. |
| Additional comments: | | |

⁸ The Pension Regulator – [website click here](#)

| Section 9 – Asset control | | |
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| 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. | | |
| Evidence | | Internal auditor commentary |
| <i>Does the Council maintain a register of material assets it owns and manage this in accordance with proper practices?⁹</i> | Yes | There is a current Asset Register which lists all of the assets in the council's ownership. The Asset Register was reviewed March 2025 and is published on the council's website. The recorded value of assets is £60,180.46 The council is aware of the guidance within the Governance and Accountability for Smaller Authorities. The insurance of the council's assets is more than adequate |
| <i>Is the value of the assets included? (Note value for insurance purposes may differ)</i> | Yes | |
| <i>Are records of deeds, articles, land registry title number available?</i> | N/A | |
| <i>Are copies of licences or leases available for assets sited at third party property?</i> | N/A | The council has no assets on third party sites. |
| <i>Is the asset register up to date and reviewed annually?</i> | Yes | The Asset Register is up to date and reviewed annually. |
| <i>Cross checking of insurance cover</i> | Yes | I have cross checked the insurance cover, I am satisfied that the council has adequate insurance cover. |
| Additional comments: | | |

⁹ Practitioners Guide

| Section 10 – bank reconciliation | | |
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| 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. | | |
| Evidence | | Internal auditor commentary |
| <i>Is bank reconciliation regularly completed and reconciled with the cash book and cover every account?</i> | Yes | The bank reconciliation is completed regularly and reconciled with the cash book. The bank reconciliation is reported at all council meetings. |
| <i>Do bank balances agree with bank statements?</i> | Yes | The bank balances and the end of year accounts 2024/2025 Balance. <ul style="list-style-type: none"> • The accounts show a balance of £6,074.00 • The Treasures Account shows a balance of £6,074.92 • The sum of £6,074 is correctly entered in Boxes 7 and 8 Section 2 – Accounting Statements AGAR 2024/2025 |
| <i>Is there regular reporting of bank balances at Council meetings?</i> | Yes | The bank balances are reported to all council meetings in accordance with Standing Orders and Financial Regulations |

| Section 11 – year end procedures | | |
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| Evidence | | Internal auditor commentary |
| <i>Are appropriate accounting procedures used?</i> | Yes | The accounts are produced on receipts and payments basis and are in order |
| <i>Financial trail from records to presented accounts</i> | Yes | Cross checking has demonstrated that there is a clear and transparent financial trail |
| <i>Has the appropriate end of year AGAR¹⁰ documents been completed?</i> | Yes | The council is a smaller authority with an income and expenditure less than £200,000. The correct documents have been completed in accordance with the AGAR guidelines. |
| <i>Did the Council meet the exemption criteria and correctly declared itself exempt?</i> | N/A | The council has an income and expenditure of more than £25,000 |
| <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 | The council has demonstrated that the exercise of Public Rights has been correctly provided, in accordance with the Accounts and Accountability Regulations 2015. The notice was published 24 th June 2024 Commencing Monday 1 st July 2024 Ending Friday 1 st July 2024 |
| <i>Have the publication requirements been met in accordance with the Regulations?¹¹</i> | Yes | The council has an income of less than £200,000 and is a smaller authority, the council has complied with the Accounts and Audit Regulations 2015 <ul style="list-style-type: none"> • Notice of Period for the exercise of Public Rights • Section 1 Annual Governance Statement AGAR • Accounting Statements 2024/2025 • Section 2 Accounting Statements AGAR • Annual Internal Auditors Report • External Auditors Report |

¹⁰ Annual Governance & Accountability Return (AGAR)

¹¹ Accounts and Audit Regulations 2015

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| | | <ul style="list-style-type: none">Section 3 External Auditors Certificate |
| <i>Additional comments:</i> | | |

| Section 12 – internal audit | | |
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| 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. | | |
| Evidence | | <i>Internal auditor commentary</i> |
| <i>Has the Council considered the previous internal audit report?</i> | Yes | The council considered the Internal Audit Report Monday 24 th June 2024 (minute 7) |
| <i>Has appropriate action been taken regarding the recommendations raised?</i> | Yes | The council resolved to consider operating a .gov.uk email account |
| <i>Has the Council confirmed the appointment of an internal auditor?</i> <i>Has the letter of engagement been approved by full council?</i> | Yes | At the council meeting 5 th March 2025, the council resolved to appoint the Association of Suffolk Local Councils as Internal Auditor 2024/2025 |
| Additional comments: | | |

| Section 13 – external audit for the period under review | | |
|---|-----|---|
| The internal auditor will revisit the external audit so that previous weaknesses and recommendations can be considered. | | |
| Evidence | | Internal auditor commentary |
| Has the Council considered the previous external audit report? ¹² | Yes | The council received the External Auditors Report 25 th November 2024 (minute 8 i) |
| Has appropriate action been taken regarding the comments raised? | Yes | There was one comment which the council would seek advice and from SALC |
| Additional comments: | | |

¹² 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.*

| Section 14 – additional information | | |
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| The internal auditor will look for additional evidence of good record keeping, compliance with data protection regulations, freedom of information and website accessibility regulations. | | |
| Evidence | | Internal auditor commentary |
| Was the annual meeting held in accordance with legislation? ¹³ | Yes | The Annual Meeting of the Council took place on 13 th May 2024 Councillor Peter Royce was elected Chair for the municipal year 2024/2025 |
| Is there evidence that Minutes are administered in accordance with legislation? ¹⁴ | Yes | The minutes are recorded in accordance with the councils Standing Orders and in line with the Local Government Act 1972 schedule 12 paragraphs 41 (1). He chair signs the minutes at each subsequent council meeting |
| Is there a list of members' interests held? | Yes | There is a link to the Register of Interests held at West Suffolk District Council |
| Does the Council have any Trustee responsibilities and if so, are these clearly identified in a Trust Document? | N/A | The council has no trustee responsibilities |
| Has the Transparency Code been correctly applied, and information published in accordance with current legislation? | Yes | The council is aware of The Local Government Transparency Code 2015 and is correctly applied. The following can be found on the council's website: <ul style="list-style-type: none"> • Standing Orders • Financial Regulations • List of councillors • Year-End Accounts • Risk Assessments • Asset Register • Data Protection • Tenders • Contracts |

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

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

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| <i>Has the Council registered with the Information Commissioner's Office (ICO)?¹⁵</i> | Yes | The council is registered with the Information Commissioners Office Number ZA664140 expiry 11 th February 2026 |
| <i>Is the Council compliant with the General Data Protection Regulation requirements?</i> | Yes | The council has an active policy of complying with GDPR requirements which details responsibilities and obligations in respect of collecting, using and protecting personal information. |
| <i>Has the Council published a website accessibility statement on their website in line with Regulations?¹⁶</i> | Yes | There is a website accessibility statement published on the council's website along with methods evaluating the website and detailing technical information in accordance with WCAG w.1 (2) Accessibility Regulations 2018 under the Public Sector Bodies (websites and mobile applications) |
| <i>Does the council have official email addresses for correspondence?¹⁷</i> | Yes | The Clerk has a linked email address for council business and correspondence; however the council is not using .gov.uk email addresses |
| <i>Is there evidence that electronic files are backed up?</i> | Yes | Council data is stored on the Microsoft Cloud |
| <i>Do terms of reference exist for all committees and is there evidence these are regularly reviewed?</i> | N/A | The council does not operate a committee system |
| Additional comments: | | |

Signed:

Date of Internal Audit Visit: 7th June 2025

Date of Internal Audit Report: 11th June 2025

On behalf of Suffolk Association of Local Councils

¹⁵ Data Protection Act 2018

¹⁶ Website Accessibility Regulations 2018

¹⁷ Practitioners Guide