

## Councillor

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

Clerk	Mike Peats
RFO (if different)	-
Chairperson	Councillor Alan McManus
Precept	£ 4,326.76
Income	£ 3,618
Expenditure	£ 3,401
General reserves	£ 6,387
Earmarked reserves	£0
Audit type	Smaller Authority Income less than £200,000 (Exempt: Income less than £25,000)
Auditor name	<b>Alan Melton</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.		
Evidence		Internal auditor commentary
Is the ledger maintained and up to date?	Yes	The council uses excel spreadsheets as the basis for its accounts. The spreadsheets detail all transactions and are effective reporting tool
Is the ledger on the correct basis in relation to the gross income/expenditure?  (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 produced on a receipts and payments basis. The council is a smaller authority with an income and expenditure less than £200,000 The council is exempt authority with an income of less than £25,000 Gross Income £ 3,618 Gross Expenditure of £ 3,401
Is the cash book up to date and regularly verified?	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"> <li>• Dates</li> <li>• Items</li> <li>• Payments</li> <li>• Credits</li> <li>• Precept</li> </ul>
Is the arithmetic correct?		
<b>Additional comments:</b>		

<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	The councils Standing Orders were last reviewed, updated and adopted 21 <sup>st</sup> January 2025, they are based on the 2022 Model Standing Orders, with the latest revisions.
Are Financial Regulations up to date and reviewed annually?	Yes	The Financial Regulations were reviewed and adopted 21 <sup>st</sup> January 2025 <i>Comment: NALC published a revised Financial Regulations March 2025.</i>
Has the Council properly tailored the Financial Regulations?	Yes	The council has tailored the Financial Regulations to meet the council's needs
Has the Council appointed a Responsible Financial Officer (RFO)? <sup>1</sup>	Yes	In accordance with the Local Government Act 1972 (d) Section 151, the council has appointed a Responsible Finance Officer
<b>Additional comments:</b>		

<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	I have requested a sample of paid invoices and payment details. Cross checking confirms that all payments are in order
Where applicable, are internet banking transactions properly recorded and approved?	N/A	The council does not operate internet banking
Is VAT correctly identified, recorded, and claimed within time limits?	No	There is no evidence of a VAT re-claim 2024/2025
Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly? <sup>2</sup>	No	The council has not adopted the General Power of Competence
Are payments under s.137 <sup>3</sup> separately recorded, minuted and is there evidence of direct benefit to electorate?	N/A	The council has paid no s137 payments 2024/2025
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.
<b>Additional comments:</b>		

<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.

Section 4 – Risk management		
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	The council has a published Asset Register
<i>Is there evidence that risks are being identified and managed?</i>	Yes	The council has a Risk Analysis Policy
<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 adequate insurance cover provided by Zurich Policy Number: YLL-2720922563 expiry 30 <sup>th</sup> September 2025 <ul style="list-style-type: none"> <li>• Public Liability £12m</li> <li>• Employers Liability £10m</li> <li>• Indemnity £250k</li> <li>• Fidelity Guarantee £250k</li> </ul>
<i>Evidence that internal controls are documented and regularly reviewed<sup>4</sup></i>	Yes	Internal controls are in place and reported at all council meetings
<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 appointment<sup>5</sup></i>	Yes	The council received an Internal Audit 31 <sup>st</sup> March 2024 for the year 2023/2024
<b>Additional comments: It is recommended that the council reviews the Asset Register and Risk Assessment Policy 2025/2026</b>		

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

<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>		<b>Internal auditor commentary</b>
<i>Verify that budget has been properly prepared and agreed</i>	Yes	The budget for 2024/2025 was set January 2024
<i>Verify that the precept amount has been agreed in full Council and clearly minuted</i>	Yes	The precept was agreed by council January 2024 The council resolved to request a precept of £3,508.76 from East Suffolk District Council
<i>Regular reporting of expenditure and variances from budget</i>	Yes	All expenditure and variances are reported at all council meetings
<i>Reserves held – general and earmarked<sup>6</sup></i>	Yes	There is a general reserve of £6,387 which is more than adequate to meet the day-to-day expenses of the council
<b><i>Additional comments: There is no clear evidence that the budget was formally discussed for 2024/2025 at full council, the budget should be published on the council's website.</i></b>		

<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

Section 6 – income controls		
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	Income is recorded and reported at all council meetings
Is income reported to full council?	Yes	Reported to all council meetings
Does the precept recorded agree to the Council Tax Authority's notification?	Yes	The precept of £3,508.76 is recorded and agrees with the council's precept request.
If appropriate, are CIL reporting schedules in accordance with the Regulations? <sup>7</sup>	N/A	The council had no CIL income 2024/2025
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:		

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



<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>		<b>Internal auditor commentary</b>
<i>Is petty cash in operation?</i>	<i>No</i>	The council has no petty cash policy
<i>If appropriate, is there an adequate control system in place?</i>	<i>N/A</i>	
<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>		<b>Internal auditor commentary</b>
<i>Do all employees have contracts of employment?</i>	Yes	On 31 <sup>st</sup> March 2025 the council had one employee. Contracts of employment were not made available for internal audit  The council has agreed the salary with the employee  The council does not operate 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	The salary is paid by standing order on a monthly basis. The amount of payment is reported to council and is correctly entered in the cash book
<i>Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?</i>	No	There is no evidence of payroll PAYE and NIC
<i>Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?<sup>8</sup></i>	No	
<i>Have pension re-declaration duties been carried out</i>	No	
<i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i>	Yes	All payments for expenses are reported to full council for authorisation and payment
<b>Additional comments: The council needs to become aware of Pension Responsibilities, and although pensions are not currently paid the council should complete a re-declaration form every 3 years.</b>		

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

<b>Section 9 – Asset control</b>		
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.		
<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	There is a register of assets
<i>Is the value of the assets included? (Note value for insurance purposes may differ)</i>	Yes	The value of assets is recorded as £12,106
<i>Are records of deeds, articles, land registry title number available?</i>	No	The council have not made any deeds etc available for Internal Audit
<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 property
<i>Is the asset register up to date and reviewed annually?</i>	No	The Asset Register was reviewed March 2022
<i>Cross checking of insurance cover</i>	Yes	Cross checking has established that the council has adequate insurance cover.
<b>Additional comments: It is recommended that the Asset Register is reviewed annually and published accordingly</b>		

<sup>9</sup> Practitioners Guide

Section 10 – bank reconciliation		
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	Bank reconciliation is reported at all council meetings
<i>Do bank balances agree with bank statements?</i>	Yes	The bank balances agree with the bank statements The sum of ££6,422 is correctly entered in Box 7 Section 2 – Accounting Statements 2024/2025
<i>Is there regular reporting of bank balances at Council meetings?</i>	Yes	Bank Balances are reported at all council meetings

Section 11 – year end procedures		
Evidence		Internal auditor commentary
Are appropriate accounting procedures used?	Yes	Accounts are produced on a receipts and payments basis, all are in order
Financial trail from records to presented accounts	Yes	There is a clear financial trail
Has the appropriate end of year AGAR <sup>10</sup> documents been completed?	Yes	The correct Section 2 – Accounting Statements 2024/2025 is completed
Did the Council meet the exemption criteria and correctly declared itself exempt?	Yes	The council declared itself exempt on 27 <sup>th</sup> May 2025
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?	No	There is no evidence that the council demonstrate that it correctly provided the exercise of public rights as required under the Accounts and Audit Regulations 2015
Have the publication requirements been met in accordance with the Regulations? <sup>11</sup>	No	There is no evidence of publication on the council's website
<b>Additional comments: The council should heed the Accounts and Audit Regulations 2015 and ensure the adequate publicity and facilities for the public to be able to exercise their public rights.</b>		

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

<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>	No	<b>There is no recorded discussion of the Internal Audit Report 2023/2024</b>
<i>Has appropriate action been taken regarding the recommendations raised?</i>	No	There is no evidence of any actions taken regarding the Internal Audit Report
<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	The council resolved to appoint Association of Suffolk Local Councils as Internal Auditor 2024/2025 at the meeting 21 <sup>st</sup> January 2025
<b><i>Additional comments: The council should receive the Internal Auditors report, and any actions recommended should be addressed and minuted and published on the council' website.</i></b>		

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? <sup>12</sup>	N/A	The council is an exempt authority and is not required to submit a limited assurance review
Has appropriate action been taken regarding the comments raised?	N/A	
<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>	Ye	The annual meeting of the council was held 16 <sup>th</sup> May 2024 Councillor Alan McManus was elected Chair of the Council for the municipal year 2024/225
<i>Is there evidence that Minutes are administered in accordance with legislation?</i> <sup>14</sup>	Yes	The minutes are recorded in accordance with guidelines and the councils' Standing Orders. The council is aware that under the Local Government Act 1972 Schedule 12 41 (1) and 44 minutes are recorded and subsequently signed by the Chair at the subsequent meeting
<i>Is there a list of members' interests held?</i>	No	<i>Comment: A list of members interests should be published on the councils website.</i>
<i>Does the Council have any Trustee responsibilities and if so, are these clearly identified in a Trust Document?</i>	No	The council has no trustee responsibilities
<i>Has the Transparency Code been correctly applied, and information published in accordance with current legislation?</i>	Yes	The council is aware of the Transparency Code 2015 for smaller authorities and is correctly applied the following are published on the council's website <ul style="list-style-type: none"> <li>• Standing Orders</li> <li>• Financial Regulations</li> <li>• List of Councillors</li> <li>• Accounts</li> <li>• Risk Assessments</li> <li>• Asset Register</li> <li>• Data Protection</li> </ul>
<i>Has the Council registered with the Information Commissioner's Office (ICO)?</i> <sup>15</sup>	Yes	The council is registered with Information Commissioners Office ZB000643 expires 10/03/2026

<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

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



<i>Is the Council compliant with the General Data Protection Regulation requirements?</i>	Yes	The council has taken steps to comply with the GDPR
<i>Has the Council published a website accessibility statement on their website in line with Regulations?<sup>16</sup></i>	Yes	The council has accessibility tools on its website, detailing technical information of the website With methods of testing the website The content meets WCAG .1 Standard under Regulation 8 of the Public Sector Bodies (Websites and Mobil Applications) (No2) Accessibility Regulation 2018
<i>Does the council have official email addresses for correspondence?<sup>17</sup></i>	Yes	The clerk and the Chair have .gov.uk email addresses for council correspondence
<i>Is there evidence that electronic files are backed up?</i>	Yes	The Clerk has back up files
<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
<b>Additional comments:</b>		

Signed: Alan Melton

Date of Internal Audit Visit: 28<sup>th</sup> June 2025      Date of Internal Audit Report: 2nd July 2025

On behalf of Suffolk Association of Local Councils

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

<sup>17</sup> Practitioners Guide