

Internal Audit Report for Theberton and Eastbridge Parish Council for the period ending 31 March 2025

Clerk	Honour Houlding
RFO (if different)	-
Chairperson	Stephen Brett
Precept	£ 8,816.49
Income	£ 10,131.28
Expenditure	£ 12,739.97
General reserves	£5,431.67
Earmarked reserves	£16,216.77
Audit type	Exempt Authority (Income and Expenditure less than £25,000)
Auditor name	

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.		
Evidence		<i>Internal auditor commentary</i>
<i>Is the ledger maintained and up to date?</i>	Yes	The spreadsheets have been submitted for Internal Audit; the spreadsheets are to the council at all meetings of the council. The spreadsheets and bank reconciliation present a clear picture and record for members and members of the public via the council's website.
<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 gross income and expenditure of the council is less than £25,000 The council works on an Income and Expenditure basis and conforms to the council's Standing Orders and Financial Regulations.
<i>Is the cash book up to date and regularly verified?</i>	Yes	The cash book is correct and up to date and records all relevant information, including: <ul style="list-style-type: none"> • Dates • Items • Payments • Credits • VAT • Precept • CIL • Grants
<i>Is the arithmetic, correct?</i>	Yes	Spot checking has established that the arithmetic is correct.
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.		
Evidence		<i>Internal auditor commentary</i>
Have Standing Orders been adopted, up to date and reviewed annually?	Yes	The Standing Orders are up to date; they were revised February 2025
Are Financial Regulations up to date and reviewed annually?	Yes	The Financial Regulations are up to date and were reviewed and adopted April 2025
Has the Council properly tailored the Financial Regulations?	Yes	The Financial Regulations are tailored to meet the council's requirements
Has the Council appointed a Responsible Financial Officer (RFO)? ¹	Yes	The Clerk is the Responsible Financial Officer.
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
Is there supporting paperwork for payments with appropriate authorisation?	Yes	A full schedule of payments was submitted for Internal Audit. The payments are submitted to the council for payment authorisation. The clerk/RFO sent a selection of invoices for cross checking. The payments are recorded correctly and reported to the council.
Where applicable, are internet banking transactions properly recorded and approved?	Yes	Internet bank procedures are in place and are in accordance with the council's Financial Regulations. Authorisation is given at full council meetings. The payments are prepared by the RFO and authorised by two members of the council.
Is VAT correctly identified, recorded, and claimed within time limits?	Yes	VAT is recorded in the ledgers. The council submitted a VAT reclaim for the sum of £206.11 to 31 st December 2024.
Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly? ²	No	The council does not have General Power of Competence
Are payments under s.137 ³ separately recorded in the minutes and is there evidence of direct benefit to electorate?	Yes	The council made an s137 payment of £50 during the year 2024.2025

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.

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
Additional comments:		

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 Risk and Financial Risk Assessments were reviewed in December 2024 The Risk Assessments are comprehensive and adequately highlight the risks the council has identified.
<i>Is there evidence that risks are being identified and managed?</i>	Yes	There is evidence that's the risks are managed effectively, they are reviewed on an annual basis.
<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 ANSVAR policy number ACY2404019. <ul style="list-style-type: none"> • Public liability £10m • Employers' liability of £5m
<i>Evidence that internal controls are documented and regularly reviewed⁴</i>	Yes	The council have adopted Internal Controls for the year 2024/2025. The Internal Controls were reviewed and adopted by the council 12 th March 2024. The document is comprehensive and is in accordance with Regulation 6 of the Accounts and Audit Regulations 2015. The document confirms that the financial and management systems are robust, and the council understands internal control obligations.

⁴ Accounts and Audit Regulations

<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 council has confirmed the scope and effectiveness of the Internal Audit process. At the meeting of the council 12 th March 2025 minute 10d, members agreed to appoint the Suffolk Association of Local Councils as Internal Auditor 2024/2024
Additional comments:		

⁵ Practitioners Guide

Section 5 – Budgetary controls		
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	<p>The budget for the year 2024/2025 was approved by the council 10th January 2024 minute number 10c</p> <p>The council budgeted for the sum of £9,515.14.</p> <p>It was noted that the budget would be covered by:</p> <ul style="list-style-type: none"> • Precept £8,816.49 • Bank Interest £324.43 (projected) • Burials £341.25 (projected)
<i>Verify that the precept amount has been agreed in full Council and clearly recorded in the minutes.</i>	Yes	The precept request of £8,816.49 was agreed by council on 10 th January 2024. The request was made to East Suffolk Council 22 nd January 2024 representing an increase of 9% for a band D property
<i>Regular reporting of expenditure and variances from budget</i>	Yes	Income and Expenditure variances are reported to all council meetings
<i>Reserves held – general and earmarked⁶</i>	Yes	<p>The general reserve of £5,341.67 and earmarked reserves of £16,216.77</p> <p>Earmarked Reserves include:</p> <ul style="list-style-type: none"> • Platinum Heritage Trail £10,000 • Play equipment fund £3,500 • CIL £1,682.42
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		
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 in accordance with the councils Financial Regulations. The Clerk/RFO has insured that the recording is in accordance with proper practises and records show day to day recording.
Is income reported to full council?	Yes	Income received is recorded and reported to all full, council meetings and clearly stated in the minutes.
Does the precept recorded agree to the Council Tax Authority’s notification?	Yes	The precept was paid by East Suffolk District Council in one tranche and reported to the council 5 th May 2024.
If appropriate, are CIL reporting schedules in accordance with the Regulations? ⁷	N/A	The council did not receive any CIL payments in the financial year 2024/2025. There is a balance of CIL income of £212.76
Is CIL income reported to the council?	N/A	
Does unspent CIL income form part of earmarked reserves?	Yes	
Has an annual report been produced?	Yes	
Has it been published on the authority’s website?	Yes	
Additional comments:		

⁷ Community Infrastructure Levy Regulations 2010

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 policy
<i>If appropriate, is there an adequate control system in place?</i>	<i>N/A</i>	
Additional comments:		

Section 8 – Payroll controls		
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. The council has agreed terms and conditions. I have not seen a copy of the contract of employment. The clerk's salary was agreed by full council and payments are made by BACs in accordance with the council's Financial Regulations. The council uses NALC guidelines to set salary levels. The council does not operate a minimum wage policy.
<i>Has the Council approved salary paid?</i>		
<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	There are adequate payroll arrangements in place which ensures the accuracy of the payments. PAYE and NIC is calculated within HMRC guidelines.
<i>Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?</i>	Yes	The Suffolk Association of Local Councils is contracted to carry out the payroll function, all payments are recorded and are approved by full council.
<i>Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?⁸</i>	Yes N/A	The council is aware of its pension responsibilities; the clerk has opted not to be part of the pension scheme.
<i>Have pension re-declaration duties been carried out</i>	N/A	There is no evidence of pension re-declaration
<i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i>	Yes	The clerk submits a claim for expenses to the council for approval, payments are authorised by 2 members of the council.
Additional comments:		

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

Section 9 – Asset control		
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	The Asset Register is published on the council's website and has been available for Internal Audit. The net value of assets is listed as £90,733.09, Which is an increase of £2,640 from 2023/2024. The Asset Register lists all the assets owned by the council. The Asset Register was updated and approved by full council 6 th April 2025. It is noted that the council has a separate insurance cover for a Vintage Agricultural Vehicle. The council has no land registered assets.
<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	
<i>Is the asset register up to date and reviewed annually?</i>	N/A	The Asset Register is reviewed annually and is published on the council's website.
<i>Cross checking of insurance cover</i>	Yes	The council's assets are covered by the Insurance Policy.
Additional comments:		

⁹ 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	<p>The bank reconciliations are completed regularly and presented to full council at all meetings</p> <p>The reconciliation includes:</p> <ul style="list-style-type: none"> • Summary of balances • Details of bank balances • Summary of income and Expenditure
<i>Do bank balances agree with bank statements?</i>	Yes	The bank balances and the cash book show bank balances of £21,558.
<i>Is there regular reporting of bank balances at Council meetings?</i>	Yes	<p>All bank balances are reported to all council meetings and published on the council's website.</p> <p>This demonstrates the robustness and transparency of internal controls</p>

Section 11 – year end procedures		
Evidence		Internal auditor commentary
<i>Are appropriate accounting procedures used?</i>	Yes	All appropriate accounting procedures have been used and are in accordance with Standing Orders and Financial Regulations.
<i>Financial trail from records to presented accounts</i>	Yes	The accounts have been presented to the Internal Auditor for revue and demonstrate a clear financial trail.
<i>Has the appropriate end of year AGAR¹⁰ documents been completed?</i>	Yes	
<i>Did the Council meet the exemption criteria and correctly declared itself exempt?</i>	Yes	The council meets the exemption criteria. The council are submitting a Certificate of Exemption – AGAR 2024/2025 Form 2
<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 notice of Public Rights and Publication was posted 13 th May 2024 The commencing date Monday 3 rd June 2024 Completion date Friday 12 th July 2024
<i>Have the publication requirements been met in accordance with the Regulations?¹¹</i>	Yes	The council complied with the requirements of the Accounts and Audit Regulations 2015. <ul style="list-style-type: none"> • Notice the period for the exercise of public rights • Annual Internal Audit Report • Notice of Exemption Certificate – Form 2 • Section 2 Accounting Statements
Additional comments:		

¹⁰ Annual Governance & Accountability Return (AGAR)

¹¹ Accounts and Audit Regulations 2015

Section 12 – internal audit		
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 Internal Audit Report was considered and adopted at the council meeting 14 th August 2024.
<i>Has appropriate action been taken regarding the recommendations raised?</i>	Yes	The council noted that there were no issues to address
<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 meeting of the council held on 12 th March 2025 minute 10d, it was agreed to appoint Suffolk Association of Local Councils as Internal Auditor for the year 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	N/A	An External Audit Report was not required for 2024/2025 as the council has an Income and Expenditure of less than £25,000
Has appropriate action been taken regarding the comments raised?	N/A	
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		
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		<i>Internal auditor commentary</i>
<i>Was the annual meeting held in accordance with legislation?</i> ¹³	Yes	The Annual Meeting of the council was held on 9 th May 2024 Councillor Stephen Brett was elected as Chair for the municipal year 2024/2025
<i>Is there evidence that Minutes are administered in accordance with legislation?</i> ¹⁴	Yes	The minutes are recorded in accordance with the relevant legislation.
<i>Is there a list of members' interests held?</i>	Yes	The Register of Members Interests is held by East Suffolk District Council, there is a link from the council's website
<i>Does the Council have any Trustee responsibilities and if so, are these clearly identified in a Trust Document?</i>	N?A	The council has no trustee responsibilities
<i>Has the Transparency Code been correctly applied, and information published in accordance with current legislation?</i>	Yes	To ensure compliance of the Transparency Code for smaller authorities (Income and Expenditure not exceeding £25,000), the council is aware that the following should be published on the council's website <ul style="list-style-type: none"> • Standing Orders • Financial Regulations • Internal Auditors Report • List of Councillor's Items of expenditure over £100 • End of year accounts • Asset Register • Data Protection Policy • Agendas, Minutes, Finance Reports and associated papers
<i>Has the Council registered with the Information Commissioner's Office (ICO)?</i> ¹⁵	Yes	The council is registered with the Information Commissioners Office. Registration number ZA180051

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

¹⁵ Data Protection Act 2018

<i>Is the Council compliant with the General Data Protection Regulation requirements?</i>	Yes	The council has taken steps to ensure compliance with GDPR requirements. They continue to provide clear responsibilities and obligations of the council.
<i>Has the Council published a website accessibility statement on their website in line with Regulations?¹⁶</i>	Yes	The Accessibility Statement is published on the council's website.
<i>Does the council have official email addresses for correspondence?¹⁷</i>	Yes	The Clerk has a .gov.uk email address. Members use personal email addresses. <i>Comment: Members should consider using .gov.uk email addresses for all council business. Although not mandatory the .gov.uk domain is reserved for UK government organisations including Parish Councils. Using .gov.uk domain demonstrates a trusted and secure online identity.</i>
<i>Is there evidence that electronic files are backed up?</i>	Yes	The council uses Google Cloud and separate hard drive.
<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: Alan Melton

Date of Internal Audit Visit: 9th May 2025 Date of Internal Audit Report: 9th May 2025

On behalf of Suffolk Association of Local Councils

¹⁶ Website Accessibility Regulations 2018

¹⁷ Practitioners Guide