

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

Clerk	Anne Lines
RFO (if different)	As above
Chairperson	Rex Barnes
Precept	£8,851.00
Income	£8,954.57
Expenditure	£6,844.24
General reserves	£4,728.00
Earmarked reserves	£3,000.00
Audit type	Annual
Auditor name	Julie Lawes

### 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	The council uses Scribe to record the financial transactions of the council. This is well maintained and up to date, allowing for budget lines to be created under cost centres and cost codes.
<i>Is the ledger on the correct basis in relation to the gross income/expenditure?</i>	YES	In accordance with Proper Practices, council operates its accounts as payments and receipts.
<i>Is the cash book up to date and regularly verified?</i>	YES	Council follows proper practices in ensuring that its accounting procedure gives an accurate presentation of an authority's true financial position providing clear and concise information.
<i>Is the arithmetic correct?</i>	YES	The Scribe package ensures correct calculations. Spot checks were made on the inputting of data.
<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	Council reviewed and adopted its Standing Orders at meetings held 8 <sup>th</sup> May 2024 and 11 <sup>th</sup> September 2024 which are published on the council website.

		<p><b>COMMENT:</b> NALC released an updated version of the model standing orders in April 2025. NALC have updated Model Standing Order (England) section 18 to comply with new procurement legislation and ensure consistency with the NALC Model Financial Regulations. The changes are to 18.a.v, 18.c, 18.d, and 18.f. NALC have also updated Model Standing Order (England) section 14 to better reflect Code of Conduct requirements. 14.a, 14.b, and 14.c have been removed. They have also changed the language in the document to gender-neutral terms to align with the Civility and Respect Policy.</p> <p>(It is noted the numbering for the Stansfield Parish Council differs to that of the NALC updated version, so council should ensure the correct sections are amended accordingly).</p>
<p>Are Financial Regulations up to date and reviewed annually?</p>	<p>YES</p>	<p>Financial Regulations, as seen on the council website were reviewed and approved at meetings of the council held 8<sup>th</sup> May 2024 and 11<sup>th</sup> September 2024.</p> <p><b>COMMENT:</b> NALC released an updated version of the model Financial Regulations in March 2025.</p>
<p>Has the Council properly tailored the Financial Regulations?</p>	<p>YES</p>	<p>The Financial Regulations have been properly tailored to the council.</p>
<p>Has the Council appointed a Responsible Financial Officer (RFO)?<sup>1</sup></p>	<p>YES</p>	<p>In accordance with Section 151 of the Local Government Act 1972(d) (financial administration), the Council has appointed a person (the Clerk) to be responsible for the administration of the financial affairs of the relevant authority as confirmed at a meeting held 8<sup>th</sup> May 2024 and within its Financial Regulations 1.8.</p>
<p><b>Additional comments:</b></p>		
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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	A selection of random payments were cross checked against the cash book, bank statement and invoices and all were found to be recorded in accordance with Proper Practices.
Where applicable, are internet banking transactions properly recorded and approved?	YES	Internet banking is operated in accordance with the Council’s own Financial Regulations and Risk Assessment and is used for the settlement of the Council’s expenditure. Payments are approved by council with the RFO then setting up the payment online and 2 councillors authorising.
Is VAT correctly identified, recorded, and claimed within time limits?	YES	No claims were made during the period under review with a year end value for 2024/2025 to be claimed at £195.88
Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly? <sup>2</sup>	N/A	The council has not adopted the General Power of Competency.
Are payments under s.137 <sup>3</sup> separately recorded, minuted and is there evidence of direct benefit to electorate?	YES	Council records its s137 payments as donations within its cashbook keeping them separately recorded from day-to-day payments.

<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.

		Scribe has the tools to correctly record s137 payments when entering them onto the system. <b>COMMENT:</b> Council should look to record its s137 payments under this specific heading.
Where applicable, are payments of interest and principal sums in respect of loans paid in accordance with agreements?	N/A	Council has no loans.
<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 assessment was considered and adopted by full council at its meeting of 12 <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 particularly its money. There is evidence council has taken action to identify and assess those risks.
<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	Council has insurance in place under a specialist policy for local councils with Zurich Municipal which shows core cover for the following: Public liability: £12m; Employers Liability £10m and Fidelity Guarantee of £250k.

		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.
<i>Evidence that internal controls are documented and regularly reviewed<sup>4</sup></i>	YES	At the meeting of 12 <sup>th</sup> March 2025, 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.
<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	In accordance with the Accounts and Audit Regulations 2015, the Parish Council formally reviewed the scope and effectiveness of its internal audit arrangements 12 <sup>th</sup> March 2025.
<b>Additional comments:</b>		

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<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>		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 31 <sup>st</sup> January 2024.
<i>Verify that the precept amount has been agreed in full Council and clearly minuted</i>	YES	The precept was set at £8,851.00 for 2024/2025, as confirmed at the above meeting, with the paperwork demonstrating that this was a 0% change to a Band D household charge over that set the previous year.
<i>Regular reporting of expenditure and variances from budget</i>	YES	The RFO confirmed regular monitoring of the budget during the year under review with variance reports published in council minutes.
<i>Reserves held – general and earmarked<sup>6</sup></i>	YES	The Council, as at year-end, had Earmarked Reserves totalling £3,000 with the balance being General Reserves of £4,728.00.
<b>Additional comments:</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

<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 number of items of income were cross checked against cash book and bank statement and found to be in order and recorded in accordance with Proper Practices.
<i>Is income reported to full council?</i>	YES	In accordance with the Council’s Standing Orders, any income received other than that of bank interest is reported to council.
<i>Does the precept recorded agree to the Council Tax Authority’s notification?</i>	YES	Council received precept in the sum of £8,851 from West Suffolk Council for the period under review. 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>	N/A	Council does not hold CIL funds.
<i>Is CIL income reported to the council?</i>	N/A	
<i>Does unspent CIL income form part of earmarked reserves?</i>	N/A	
<i>Has an annual report been produced?</i>	N/A	
<i>Has it been published on the authority’s website?</i>	N/A	
<b>Additional comments:</b>		

<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>		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>		<b>Internal auditor commentary</b>
<i>Do all employees have contracts of employment?</i>	YES	Council had 1 employee on its payroll at the period end 31 <sup>st</sup> March 2025. Employment contracts were not reviewed during the internal audit but the Clerk to the Council has confirmed a Contract of Employment is in place.
<i>Has the Council approved salary paid?</i>	YES	
<i>Minimum wage paid?</i>	N/A	
		Salary has been approved by council.  No employee is paid the national 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. Cross-checks were completed on three payments covering salary and PAYE were found to be in order. Deductions paid to HM Revenue and Customs during the year under review were made in accordance with timescales as set out in the regulations.
<i>Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?<sup>8</sup></i>	YES	Council is aware of its pension responsibilities with no pension payments being made.
<i>Have pension re-declaration duties been carried out</i>	YES	A re-declaration was made to the Pension Regulator as evidenced, on the 4 <sup>th</sup> February 2025.

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

<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 staff expenses claimed are approved in accordance with Council's Financial Regulations.
<b>Additional comments:</b>		

<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	The Asset Register as approved at meetings held 8 <sup>th</sup> May 2024, 11 <sup>th</sup> September 2024 and 8 <sup>th</sup> January 2025 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 <sup>st</sup> March 2025 is £6,611 which reflects no change in the asset register from that in the previous year.
<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	

<sup>9</sup> Practitioners Guide

<i>Is the asset register up to date and reviewed annually?</i>	<i>YES</i>	The asset register was reviewed multiple times in the year under review with the values submitted on the Draft Annual Governance and Accountability Return for Internal Audit showing an asset value of £6,611.
<i>Cross checking of insurance cover</i>	<i>N/A</i>	Council has insurance under all risks cover for its assets as specified under generic headings on the insurance schedule.
<b><i>Additional comments:</i></b>		

<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 reported and approved at each meeting of the council and reconcile with all accounts and the cashbook.
<i>Do bank balances agree with bank statements?</i>	YES	Bank balances agree with period end statements and, as at year end 31 <sup>st</sup> March 2025 the balance across the council's account stood at £7,728.48.
<i>Is there regular reporting of bank balances at Council meetings?</i>	YES	Bank balances are reported at each meeting within the bank reconciliations. The Council is aware that in accordance with proper practices, the bank reconciliation is a key tool for management as it assists with the regular monitoring of cash flows and therefore aids decision-making.

<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	There is a full audit 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 not exceeding £25,000 it is required to complete Form 2 of the AGAR.
<i>Did the Council meet the exemption criteria and correctly declared itself exempt?</i>	NO	As the Council was a smaller authority with a gross income and expenditure not exceeding £25,000 for the period under review, it was able to certify itself as an exempt authority. <b>RECOMMENDATION:</b> The Annual Governance and Accountability Return states ‘An authority that wishes to declare itself exempt from the requirement for a limited assurance review must do so at a meeting of the authority after 31 March 2024.’ Council approved its accounting statements and internal audit report, but not its exemption.
<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	During the review of the publication requirements of the Accounts and Audit Regulations 2015, it is noted that, for the year 2023-2024, the Council correctly provided for the exercise of elector’s rights.

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

		The RFO had set the dates for the inspection of the Council's accounts and associated documents as 1 <sup>st</sup> July 2024 to 9 <sup>th</sup> August 2024 with the date of the notice being 29 <sup>th</sup> June 2024.
<i>Have the publication requirements been met in accordance with the Regulations?<sup>11</sup></i>	YES	In accordance with the Accounts and Audit Regulations 2015 as a smaller authority with income and expenditure not exceeding £25,000 council published the following on a public website: <ul style="list-style-type: none"> <li>• Certificate of Exemption, page 3</li> <li>• Annual Internal Audit Report 2023/24, page 4</li> <li>• Section 1 – Annual Governance Statement 2023/24, page 5</li> <li>• Section 2 – Accounting Statements 2023/24, page 6</li> <li>• Analysis of variances</li> <li>• Bank reconciliation</li> <li>• Notice of the period for the exercise of public rights and other information required by Regulation 15 (2), Accounts and Audit Regulations 2015.</li> </ul>
<b><i>Additional comments:</i></b>		

<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 council at a meeting held 11 <sup>th</sup> September 2024.
<i>Has appropriate action been taken regarding the recommendations raised?</i>	YES	Council reported appropriate action had been taken at a meeting held 12 <sup>th</sup> March 2025.
<i>Has the Council confirmed the appointment of an internal auditor?</i>	YES	SALC were appointed as the Council's internal auditors for the year ending 31 <sup>st</sup> March 2025 at the meeting of 12 <sup>th</sup> March 2025.
<i>Has the letter of engagement been approved by full council?</i>	NO	Council did not approve the letter of engagement.
<b>Additional comments:</b>		

<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>	N/A	Council was exempt from a limited assurance review
<i>Has appropriate action been taken regarding the comments raised?</i>	N/A	As above
<b><i>Additional comments:</i></b>		

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<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	The Annual Meeting of the Parish Council was held on 8 <sup>th</sup> May 2024. <b>RECOMMENDATION:</b> In accordance with councils own Standing Orders 2b. The first item on the agenda should be the election of Chairperson.
<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.
<i>Is there a list of members' interests held?</i>	YES	Evidence was seen on the West Suffolk Council website of the Register of Interests for all current Parish Councillors.
<i>Does the Council have any Trustee responsibilities and if so, are these clearly identified in a Trust Document?</i>	N/A	Council does not have any Trustee Responsibilities.
<i>Has the Transparency Code been correctly applied, and information published in accordance with current legislation?</i>	YES	To ensure compliance with the requirements of the Transparency Code for smaller authorities (turnover not exceeding £25,000), Council is aware that the following should be published on a public website; Internal Audit Report List of Councillors and Responsibilities Items of Expenditure Above £100 including recoverable and non-recoverable VAT End of Year Accounts Annual Governance Statement Asset Register

<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

		and that Agendas of Meetings; Associated Papers and Minutes should be published in accordance with the prescribed timescales as set out in the Transparency code for smaller authorities – December 2014.
<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.
<i>Is the Council compliant with the General Data Protection Regulation requirements?</i>	YES	Council has taken steps to ensure compliancy with the GDPR requirements.
<i>Has the Council published a website accessibility statement on their website in line with Regulations?<sup>16</sup></i>	YES	Council has accessibility tools on its website thereby allowing for the increased functionality of the council's website, along with a website accessibility statement with a recent review completed by CAS.
<i>Does the council have official email addresses for correspondence?<sup>17</sup></i>	YES	Council operates with a mix of email addresses, with the clerk email clearly identified as an official email address for the council. <b>RECOMMENDATION:</b> Council should give consideration to having .gov.uk email addresses for the Clerk and Councillors, thereby complying with GDPR and demonstrating that the council has an official status thereby building trust, credibility and authenticity.
<i>Is there evidence that electronic files are backed up?</i>	YES	Councils Risk Assessment advises electronic files are backed up on the cloud, with a monthly backup to an external hard drive.
<i>Do terms of reference exist for all committees and is there evidence these are regularly reviewed?</i>	N/A	Council does not operate with a committee system.
<b>Additional comments:</b>		

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

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

<sup>17</sup> Practitioners Guide

SALC Internal Audit Report template (v.9)  
Last reviewed: 26<sup>th</sup> January 2025

Signed: J. Lawes

Date of Internal Audit Report: 13<sup>th</sup> June 2025

On behalf of Suffolk Association of Local Councils