

## **Report to Saxtead Parish Council**

### **The Internal Audit of the Accounts for the year ending 31 March 2025**

#### **1. Introduction and Summary.**

1.1 The Internal Audit review, undertaken on the documentation provided to the Internal Auditor and on the information published on the Council's website, focussed upon the adequacy of the Council's systems of internal control and the effectiveness of the Council's financial administration, including the End-of-Year Accounts for 2024/25.

1.2 The Internal Auditor met the Council's Clerk/RFO, Peter Grogan, on 17 April 2025 to receive the documentation for the audit. The End-of-Year Accounts had largely been completed although there was an outstanding issue regarding the bank reconciliation as at 31 March 2025. A draft Annual Governance and Accountability Return (AGAR) had not been prepared.

1.3 By examination of the 2024/25 accounts and supporting documentation the following was confirmed by the Internal Auditor:

*Total Receipts for the year: £8,629.24*

*Total Payments in the year: £7,006.43*

*Total Reserves at year-end: £6,851.71*

1.4 The Annual Governance and Accountability Return (AGAR) was prepared and the following figures were agreed with the Clerk/RFO for display in Section 2 Accounting Statements 2024/25 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2024):</i>	<i>Box 1: £5,229</i>
<i>Annual Precept 2024/25:</i>	<i>Box 2: £8,000</i>
<i>Total Other Receipts:</i>	<i>Box 3: £629</i>
<i>Staff Costs:</i>	<i>Box 4: £3,136</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £3,870</i>
<i>Balances carried forward (31 March 2025):</i>	<i>Box 7: £6,852</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £6,852</i>
<i>Total fixed assets:</i>	<i>Box 9: £6,708</i>
<i>Total borrowings:</i>	<i>Box 10: nil</i>

1.5 Sections One and Two of the AGAR are due to be approved and signed at a forthcoming meeting of the Council. The Internal Auditor has completed the Annual Internal Audit Report 2024/25 within the AGAR.

1.6 The following Internal Audit work was carried out on the adequacy of systems of internal control in accordance with the Audit Plan. Comments and any recommendations arising from the review are made below.

**2. Governance, Standing Orders, Financial Regulations and other Regulatory matters (examination of Standing Orders, Financial Regulations, Code of Conduct, Formal Policies and Procedures, Tenders where relevant. Acting within the legal framework, including Data Protection legislation).**

2.1 The Annual Parish Council meeting took place on 9 May 2024. The first item of Parish Council business was the Election of a Chair, as required by the Local Government Act 1972. At the meeting the Council nominated Councillors to act as the Council's Representatives.

2.2 The Council formally re-appointed the Clerk, Lydia Kindred, as the Council's RFO at its meeting on 9 May 2024. At its meeting on 5 September 2024 the Council noted the Clerk/RFO's resignation.

2.3 At the meeting on 7 November 2024 the Council appointed an Interim Clerk to deal with Minutes and issues arising until a formal appointment for a paid Clerk/RFO was in place. Councillor John Sullivan was appointed by the Council as Interim Clerk. The Council noted that SALC continued to advertise the position for Clerk/RFO for the Council.

2.4 At an Extraordinary meeting on 27 November 2024 the Council agreed the appointment of a paid Clerk/RFO, Peter Grogan, following the interviews held on 14 November 2024.

2.5 The Council's Standing Orders reflect the model Standing Orders published by the National Association of Local Councils (NALC). The Standing Orders were reviewed and approved without amendment by the Council at its meeting on 9 May 2024. A copy has been published on the Council's website. **Revisions to the model Standing Orders were published by NALC on 31 March 2025. The amendments can be included at the Council's next review of Standing Orders.**

2.6 Financial Regulations are in place and were adopted by the Council at its meeting on 16 January 2025. They are based on the Model Financial Regulations published by NALC and a copy has been published on the Council's website. **Revisions to the model Financial Regulations were published by NALC on 13 March 2025 and these can be included in the Council's next review of the document**

2.7 The Council's Minutes are well presented and provide clear evidence of the decisions taken by the Council. At the meeting on 20 March 2025 the Clerk/RFO advised the Council that Internal Audit would prefer to see sequential numbering of agendas and minutes. The Council agreed that from the next scheduled meeting in May 2025 the numbering sequence would begin SPC/25/1.

2.8 The Council maintains a range of formal policies and procedures which are published on the Council's website. These include a Freedom of Information Policy, Disciplinary Procedure and a Protocol for Recording Meetings.

2.9 The Council is registered with the Information Commissioner's Office (ICO) as a Fee Payer/Data Controller for the provision of council services under Data Protection legislation (Registration ZA319355, expiring 18 March 2026 refers). Whilst the current Clerk/RFO is listed on the ICO's website as the Data Protection Officer, the

contact address for the Council is displayed as Silverlace Lodge, Silverlace Green, Parham, Suffolk, IP13 9AD.

(webpage <https://ico.org.uk/ESDWebPages/Entry/ZA319355> refers).

**Recommendation 1: The Information Commissioner's Office should be reminded that Silverlace Lodge, Silverlace Green, Parham, Suffolk, IP13 9AD is no longer the contact address for persons making data protection enquiries to the Council.**

2.10 The Council reviewed and adopted the Data Protection Policy and the Data Publication Policy and Privacy Policy at its meeting on 9 May 2024 to assist compliance with the General Data Protection Regulations (GDPR).

2.11 At the meeting on 9 May 2024 the Council re-adopted the Local Government Association (LGA) Model Councillor Code of Conduct, which details the requirements and responsibilities placed upon each individual Councillor. A copy of the Code has been published on the Council's website.

2.12 A Website Accessibility Statement has been published by the website host Suffolk Cloud on the Council's website to assist with compliance with the Website Accessibility Regulations.

2.13 The previous Internal Audit Report had advised that NALC recommended local councils to consider registering their website with an official .gov.uk domain name with councillor email addresses linked to that domain name. The Council considered the matter at its meeting on 16 January 2025 and noted at the meeting on 20 March 2025 that the website domain had been transferred to .gov.uk. With regard to email addresses the Clerk/RFO reported that he would move to .gov.uk after the audit had been completed and that councillors would only move once a budget had been approved.

### **3. Accounting Procedures and Proper Book-keeping (*examination of entries in the Cashbook, regular reconciliations, supporting vouchers, invoices and receipts and VAT accounting*).**

3.1 The Cashbook Spreadsheet was found to be well referenced and facilitates an audit trail to the Bank Statements, on-line payments and the financial information prepared by the Clerk/RFO. A sample of invoices and vouchers supporting Payments was examined and found to be in order.

3.2 Payments made under the Local Government Act 1972 (Section 137).are separately recorded in the accounts.

3.3 VAT payments are tracked and separately identified in the Spreadsheet. A re-claim to HMRC for £463.42 VAT paid during the period 1 April 2023 to 31 August 2024 was submitted to HMRC on 23 September 2024 and received at bank on 26 September 2024. A re-claim had been submitted to HMRC during the 2023/24 year of account but had been rejected by HMRC as each re-claim is required to be over £100.

3.4 An Explanation of Variances (explaining significant differences in receipts and payments between the years 2023/24 and 2024/25) has been prepared by the Clerk/RFO for publication on the Council's website.

**4. Bank Reconciliation (*Regularly completed and cash books reconcile with bank statements*).**

4.1 Bank Reconciliations were regularly presented to the Council during the 2024/25 year of account.

4.2 At the meeting on 7 November 2024, prior to the appointment of a paid Clerk/RFO, a report from the RFO was not available but bank statements and a bank reconciliation were presented for inspection and verified as correct by the Examining Councillor and the Chair.

4.3 It was noted that the payment of £62.20 listed by the previous Clerk/RFO in the Cash Book as at 7 March 2024 (in the year 2023/24) had not been presented through the Council's bank account and it was agreed with the current Clerk/RFO to write back that amount into the accounts as a deduction from Payments.

4.4 The bank statements as at 31 March 2025 totalled £6,851,71 and related to the Barclays Community (Current) Account (£765.21) and the Barclays Business Premium (Deposit) Account (£6,086.50) and (following the write-back of the unrepresented payment of £62.20) reconciled with the End-of-Year Accounts and agreed with the overall Bank Reconciliation.

**5. Year End procedures (*Regarding accounting procedures used and can be followed through from working papers to final documents. Verifying sample payments and income. Checking creditors and debtors where appropriate*).**

5.1 End-of-Year accounts are prepared on a Receipts and Payments basis and following the updates agreed with the Clerk/RFO were in good order. Sample audit trails were undertaken and were found to be in order.

**6. Internal Control and the Management of Risk (*Review by the Council of the effectiveness of internal controls, including risk assessment, and Minuted accordingly*).**

6.1 At its meeting on 9 May 2024 the Council reviewed the Statement of Internal Control and considered the Statement to be fit for purpose and effective (Minute 12d refers). The Statement of Internal Control was again reviewed and adopted by the Council at its meeting on 16 January 2025 (Minute 8.4 refers).

6.2 The Council's Financial Risk Assessment document was reviewed and adopted by the Council at the meeting held on 9 May 2024 (Minutes 12e refers). The Physical Assets Risk Assessment was also reviewed and approved by the Council at its meeting on 9 May 2024. Both Risk Assessment documents have been published on the Council's website.

6.3 The Council's revised Risk Assessment was considered and approved by the Council on 20 March 2025 (Minute 13.2 refers).

6.4 The Council accordingly complied with Regulation 4 of the Accounts and Audit Regulations 2015 which requires a review by the Full Council at least once a year of the effectiveness of the Council's system of internal control, including the arrangements for management of risk, with the review suitably Minuted.

6.5 Insurance was in place for the year of account. At its meeting on 9 May 2024 the Council reviewed the insurance policy in place at that time and considered it fit for the Council's needs. The insurance policy for 2024/25 was discussed at the meeting on 5 September 2024 prior to the renewal date of 1 October 2024. The Council reviewed the insurance renewal quote and found it sufficient for current needs. The Clerk/RFO had contacted the insurers to increase the limit of assets covered to allow for the recent acquisitions.

6.6 At the meeting on 7 November 2024 the Council noted that the insurance renewal quotation was accepted, and payment had been made.

6.7 The current insurance cover is provided by Ansvar Insurance over the period 1 October 2024 to 30 September 2025. Employers Liability cover and Public Liability cover each stand at £10m. The Councillor/Employee Dishonesty (Fidelity Guarantee) cover stands at £25,000, which meets the current recommended guidelines which provide that the cover should be at least the sum of the year-end balances plus 50% of the precept/grants.

## **7. Budgetary controls (Verification of the budgetary process with reference to Council Minutes and supporting documents).**

Precept 2024/25: £8,000 (4 January 2024, Minute 12 refers).

Precept 2025/26: £9,000 (16 January 2025, Minute 8.1 refers).

7.1 The Budget and Precept for the year 2024/25 was considered and agreed by the Council at its meeting on 4 January 2024. The Council agreed to set a Precept for 2024/25 of £8,000. This would be an annual charge of £62.67 for a Band D property, compared to £45.08 for 2023/24. This would be an annual increase of £17.59, or £1.47 per month. The Council noted that whilst this was a significant increase to the Parish Council's element in percentage terms, from a monetary perspective it equated to an increase of between £1 and £3 per month depending on the Council Tax band. The Precept decision and amount has been clearly Minuted.

7.2 At the meeting on 16 January 2025 the Clerk/RFO advised the Council that there was no draft budget for the 2025/26 year, However, after discussion of the Council's financial position and likely projections, the Council concluded that a precept of £9,000 would be appropriate. The Clerk/RFO would submit the Precept request form and work up a Budget for 2025/26 as soon as is practicable.

7.3 At the meeting on 20 March 2025 the Council considered a Budget for 2025/26 but was unable to provide approval. Following discussions over the treatment of the Earmarked Reserve (EMR) for the speed restriction works and the £1,000 promised

by the Townland Trust, the Budget was to be deferred to an Extraordinary meeting in April 2025. The Budget for 2025/26 was subsequently agreed by the Council at its meeting on 3 April 2025.

7.4 The Clerks/RFOs in post during the year 2024/25 ensured that the Council was aware of its responsibilities and commitments and the need for forward planning and adequate reserves.

7.5 Due to the change in Clerk/RFO and the lack of access to on-line banking and documentation, the Council was unable to review Budgetary Control reports during parts of the year 2024/25. However, bank statements were reviewed and confirmed as part of the financial control arrangements in place.

7.6 The Overall Reserves at the year-end totalled £6,851.71 of which (as at 31 March 2025) an amount of £1,948.73 was earmarked as follows:

Amenity Fund:	£53.61
Election Fund:	£455.12
Asset Maintenance:	£440.00
Speed Reduction:	£1,000.00

7.7 The General Reserves (Overall Reserves less Earmarked Reserves) accordingly totalled £4,902.98 as at 31 March 2025 (54% or 6.5 months equivalent of the 2025/26 Precept) and is in line with the generally accepted position that non-earmarked revenue reserves should usually be between three and twelve months of Net Revenue Expenditure (the JPAG Proper Practices Guide, Item 5.34 refers).

7.8 As at 31 March 2025 the Council maintained sufficient reserves and contingency sums to meet, within reason, any unforeseen items of expense.

## **8. Income Controls (*regarding sums received from Precept, Grants, Loans and other income including credit control mechanisms*).**

8.1 Receipts are reported to the Council and recorded in the Minutes of the Council's meetings. Receipts totalling £8,629.24 were received in the year and consisted of the Precept (£8,000), VAT Refund from HMRC (£463.42), Car Boot Sale (£40.00), Bank Interest Received (£95.82) and Miscellaneous Deposits (£30).

## **9. Petty Cash (*Associated books and established system in place*).**

9.1 A Petty Cash system is not in use. An expenses system is in place, with on-line payments being made out for expenses incurred.

## **10. Transparency Code (*Compliance for smaller councils with income/expenditure under £25,000*).**

10.1 Under the provisions of the Transparency Code, Saxtead Parish Council can be designated as a 'Smaller Council'.

10.2 The Council's website is: <http://saxtead.suffolk.cloud/parish-council/>

10.3 Smaller Councils should publish on their website:

- a) *All items of expenditure above £100.* Payments included within published Minutes of Council meetings.
- b) *Annual Governance Statement: 2023/24 AGAR Annual Return Section One.* Published on website.
- c) *End-of-Year accounts: 2023/24 AGAR Annual Return, Section Two.* Published on website.
- d) *Annual Internal Audit report within 2023/24 AGAR Annual Return.* Published on website.
- e) *List of councillor or member responsibilities.* Published on website.
- f) *The details of public land and building assets (Asset Register).* Published on website.
- g) *Minutes, agendas and meeting papers of formal meetings.* Published on website.

10.4 The Council is complying with the requirements of the Transparency Code.

10.5 The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 require the Council to publish a 'Notice of Public Rights and Publication of Annual Governance and Accountability Return (Exempt Authority)' on a publicly accessible website. The Internal Auditor was able to confirm that a document for the year 2023/24 was readily accessible on the Council's website and displayed the Date of Announcement, Details of Person to contact to view the accounts, Dates of Inspection Period and the Details of the person making the announcement.

10.6 The remaining documents required to be published, as listed in the AGAR Page 1 Guidance Notes (including Certificate of Exemption, bank reconciliation and analysis of variances) were confirmed as easily accessible on the Council's website.

## **11. Payroll Controls (*PAYE and NIC in place; compliant with HMRC procedures; records relating to contracts of employment*).**

11.1 Payroll Services are operated by the Suffolk Association of Local Councils (SALC) on behalf of the Council in accordance with HMRC requirements. Detailed payslips are produced. A copy of the End-of-Year form P60 for the current Clerk/RFO was presented to the Internal Auditor. The Council displays good practice in using the services of a third party to calculate Pay and PAYE amounts. SALC performs this service for a reasonable cost.

11.2 A Contract of Employment is in place for the current Clerk/RFO. It is dated 1 December 2024, the date on which the employment took effect. The contract details the working hours, the salary Scale Point that applies and the pro-rata salary and conditions of service. The copy presented to the Auditor was signed and dated by the Employee but had not been signed by the Employer.

**Recommendation 2: The Council should ensure the main copy of the Contract of Employment is signed by both parties to ensure that an authentic and legal contract is in place.**

11.3 At the meeting on 16 January 2025 the Council discussed the Home Working Allowance for the Clerk/RFO and agreed that the Clerk/RFO should write to SALC payroll to add a Homeworking allowance as per the Clerk/RFO's contract of employment.

11.4 With regard to the re-declaration of compliance that has to be submitted to the Pensions Regulator to comply with the Pensions Act 2008, at the meeting on 9 November 2022 the then Clerk/RFO reported to the Council that she had completed the Council's re-enrolment obligations and received written confirmation of this from the Pensions Regulator. (The re-declaration of compliance confirms to the Pensions Regulator that the Council complies with its duties as an employer and has to be completed every three years).

**12. Assets Controls (*Inspection of asset register and checks on existence of assets; recording of fixed asset valuations; cross checking on insurance cover*).**

12.1 An Asset Register is in place. The Council reviewed and updated the Register at its meeting on 9 May 2024. The Register was amended by the Council on 5 September 2024 to include the new notice board and tree bench. The Council noted on 7 November 2024 that both had been added to the Council's risk assessment.

12.2 The Council similarly reviewed and approved the Asset Register at its meeting on 20 March 2025.

12.3 As at 31 March 2025 the Register displays a value of £6,708.15. A copy of the Register has been published on the Council's website. The Register complies with the current requirements which provide that each asset should be displayed at a consistent value, year-on-year. The value has been entered into Box 9 of Section 2 of the AGAR.

**13. Internal Financial Controls, Payments Controls and Audit Procedures (*Confirmation that the Council has satisfactory internal financial controls in place for making payments with adequate documentation to support/evidence payments made. Any previous audit recommendations implemented*).**

13.1 The Council has satisfactory internal financial controls in place. Councillors are provided with information to enable them to make informed decisions. The Clerk/RFO provides financial reports to Council meetings, including details of bank statements and bank reconciliations.

13.2 The Council demonstrates good financial practice through the appointment of an Examining Councillor who undertakes routine examination of bank statements and confirmation of the bank reconciliations prepared by the Clerk/RFO.

13.3 Receipts and Payments are listed in the Council's Minutes as part of the overall financial control framework. The current Clerk has also brought about a step change

improvement in the recording of the authorisation process; a document is attached to each invoice displaying the amount and purpose of the payment, the supplier's VAT number where relevant, with confirmation from First and Second Signatories that all requirements have been met. The document is then approved and signed and dated by the Chair of the Council meeting where the payment is agreed. In addition, Cashbook reference numbers are noted on the paid invoices/vouchers to assist the verification of the payment.

13.4 The Council considered and approved an On-line Payment Protocol at its meeting on 16 January 2025. The Protocol provides that the Council uses Barclays bank for on-line payments; the usual process involves the Clerk/RFO setting up the payments and a Councillor authorising them. Both the Clerk/RFO and Councillor have Barclays secure on-line access. A copy of the Protocol has been published on the Council's website.

13.5 The Council reviewed the Internal Audit report for the year 2023/24 at the meeting held on 9 May 2024.

13.6 The Internal Auditor for the 2024/25 year was appointed by the Council at its meeting on 9 May 2024 and confirmed by the Council on 20 March 2025.

#### **14. External Audit (*Recommendations put forward/comments made following the annual review*).**

14.1 An External Audit was not required in the year 2023/24. At its meeting on 9 May 2024 the Council agreed to complete the Certificate of Exemption from a Limited Assurance Review for that year.

14.2 Similarly, as the higher of gross income or gross expenditure did not exceed £25,000 in the year of account ending 31 March 2024, the Council is able to certify itself exempt from a Limited Assurance Review under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015. The Council can accordingly prepare a Certificate of Exemption from a Limited Assurance Review for the year 2024/25, for submission within the due date to PKF Littlejohn LLP.

#### **15. Additional Comments.**

15.1 I would like to record my appreciation to the Clerk/RFO to the Council for his assistance during the course of the audit work.



**Trevor Brown, CPFA**

**Internal Auditor**

**21 April 2025**