Internal Audit Report for Brandeston Parish Council

for the period ending 31 March 2025

Clerk	Anna Clarke
RFO (if different)	As above
Chairperson	Councillor Rachel Summers
Precept	£6,250
Income	£9,012
Expenditure	£5,547
General reserves	£1,591.50
Earmarked reserves	£512.39
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

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		*Internal auditor commentary*
Is the ledger maintained and up to date?	*YES*	The council produces accounts in an excel format ensuring the financial transactions are as accurate as reasonably practicable. They are up to date, clear and concise.
Is the ledger on the correct basis in relation to the gross income/expenditure?	*YES*	In accordance with proper practices, council operates its accounts on a payments and receipts basis.
Is the cash book up to date and regularly verified?	*YES*	Council follows proper practices in ensuring that its accounting procedure gives an accurate presentation of an authority's true financial position providing clear information to the Council.
Is the arithmetic correct?	*YES*	A number of spot checks were carried out and the functionality of the cashbook was found to be in order.
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		*Internal auditor commentary*
Have Standing Orders been adopted, up to date and reviewed annually?	*YES*	Council reviewed its Standing Orders at a meeting of council held 11th November 2024 which were based on the model published by the National Association of Local Councils (2018) and updated April 2022.

		On the council website is also the newer 2025 model standing orders released in April 2025 which comply with new procurement legislation and Code of Conduct requirements.
Are Financial Regulations up to date and reviewed annually?	*YES*	Financial Regulations, as seen on the council website were reviewed and approved by council at a meeting held 11th November 2024.
Has the Council properly tailored the Financial Regulations?	*YES*	Council has tailored the Financial Regulations to the council.
Has the Council appointed a Responsible Financial Officer (RFO)?[1]	*YES*	In accordance with Section 151 of the Local Government Act 1972(d) (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 detailed in the Financial Regulations 1.5.
Additional comments:		
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 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.

[1] Section 151 Local Government Act 1972 (d)

Where applicable, are internet banking transactions properly recorded and approved?	YES	Internet banking is operated in accordance with the Council's own Financial Regulations (7) and is used for the settlement of the Council's expenditure. The Internal Control Statement details the procedure to be followed for such payments.
Is VAT correctly identified, recorded, and claimed within time limits?	*YES*	No claims were made during the period under review. The reconciliation sheet provided to the internal auditor has a column for VAT however this does not have any entries. It is assumed there is a day-to-day cashbook which records this information.
Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly?[2]	*N/A*	The council has not adopted the General Power of Competency.
Are payments under s.137[3] separately recorded, minuted and is there evidence of direct benefit to electorate?	*YES*	Council has correctly allocated a budget line to record s137 payments. None were made during the period under review.
Where applicable, are payments of interest and principal sums in respect of loans paid in accordance with agreements?	*N/A*	Council has no 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

[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.*

Is there evidence of risk assessment documentation?	*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 register was considered and adopted by full council at its meeting of 10th March 2025. **COMMENT:** The risk assessment document published online is detailed as being in draft format.
Is there evidence that risks are being identified and managed?	*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.
*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?*	*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 as detailed within the minutes of council held 9th September 2024. 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.
Evidence that internal controls are documented and regularly reviewed[4]	*YES*	At the meeting of 10th 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.
Evidence that a review of the effectiveness of internal audit was conducted during the year, including	*YES*	In accordance with the Accounts and Audit Regulations 2015, the Parish Council formally reviewed the scope and effectiveness of its internal audit arrangements as evidenced at a meeting held 9th September 2024.

[4] Accounts and Audit Regulations

consideration of the independence and competence of the internal auditor prior to their appointment[5]		
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
Verify that budget has been properly prepared and agreed	*NO*	The minutes of the meeting held 11th December 2023 noted a proposed budget for 2024/2025 as £6,150.00, and a recommended precept of £6,150.00. **COMMENT:** There are no records to evidence the content of this budget and it was not recorded as approved by council.
Verify that the precept amount has been agreed in full Council and clearly minuted	*NO*	As detailed above, at a meeting held 11th December 2023 council recommended a precept for 2024/2025 be set at £6,150. The precept was then decided as £6,250 as noted at the meeting held 8th January 2024 and subsequently received. The minutes of the meeting stated the following: *1/23-24/9 - Precept • Cllr Baker confirmed required precept of £6,250.* **RECOMMENDATION:** When setting the precept for the coming financial year, the Council is required to prepare a detailed budget. This budget enables the Council to determine the level of precept necessary to meet its planned expenditure. Once the required amount is identified, the Council must formally approve and resolve to set the precept. This resolution must be recorded in the minutes of the meeting with details of the budget then published on the council website. The new clerk was unable to locate the Precept demand to the relevant authority to document submission.
Regular reporting of expenditure and variances from budget	*YES*	From September 2024 onwards the minutes evidence that council carried out regular reviews covering the budget for the current year with a review of income and expenditure against budget.

Reserves held – general and earmarked[6]	*YES*	The Council, as at year-end, had Earmarked Reserves totalling £2,990.36 which included £512.39 CIL Funds and £2,477.97 Club 100. The remaining balance being a year-end General Reserve of £10,945.62. **RECOMMENDATION:** The Practitioners' Guide issued by JPAG (Joint Panel on Accountability and Governance) recommends Parish Councils are advised to maintain general (unearmarked) reserves at a level of between 3 to 12 months of gross revenue expenditure. General reserves are not allocated to specific projects, whereas earmarked reserves are set aside for known future projects or liabilities.
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 Council's Financial Regulations and found to be in order and recorded in accordance with Proper Practices.
Is income reported to full council?	*YES*	In accordance with the Council's Standing Orders, income received is reported to full Council.
Does the precept recorded agree to the Council Tax Authority's notification?	*Not confirmed*	Council was unable to provide the Council Tax Authority Notification so this could not be confirmed.
If appropriate, are CIL reporting schedules in accordance with the Regulations?[7]	*YES*	A CIL report for 2023/2024 was published on the council website detailing an end balance of £512.39. No income or expenditure was evidenced during the period under review. Council is yet to produce and publish its report for 2024/2025.
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?	*NO*	
Has it been published on the authority's website?	*NO*	
Additional comments:		
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.		

[7] Community Infrastructure Levy Regulations 2010

Evidence		Internal auditor commentary
Is petty cash in operation?	*YES*	Cash is in operation for the Club 100 account.
If appropriate, is there an adequate control system in place?	*YES*	Council has adopted a Cash Handling Policy as approved at its meeting of council held 10th March 2025 and published on its website.
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
Do all employees have contracts of employment?	*YES*	Council had 1 employee on its payroll at the period end 31st 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. Salary has been approved by council. No employee is paid the national minimum wage.
Has the Council approved salary paid?	*YES*	
Minimum wage paid?	*N/A*	
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?	*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.
Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?	*YES*	The payroll function for the year under review is operated in accordance with HM Revenue and Customs guidelines and outsourced to Suffolk Association of Local Councils. Cross-checks were completed on three payments.
Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?[8]	*YES*	Council is aware of its pension responsibilities, there are no payments made.
Have pension re-declaration duties been carried out	*NO*	Council is to contact the Pension Regulator and provide a re-declaration giving details of the member of staff and decision to opt-in / out.

[8] The Pension Regulator – website click here

Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?	*YES*	There is a satisfactory expense system in place and all staff expenses claimed are approved in accordance with Council's Financial Regulations.
Additional comments:		

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
Does the Council maintain a register of material assets it owns and manage this in accordance with proper practices?[9]	*YES*	The Asset Register as approved at the meeting of 10th March 2024 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 31st March 2025 is £9,527.98 which reflects overall movement in the asset register covering acquisitions and disposals. As this was a remote audit records of deeds, articles and land registry documents were not viewed.
Is the value of the assets included? (Note value for insurance purposes may differ)	*YES*	
Are records of deeds, articles, land registry title number available?	*N/A*	
Are copies of licences or leases available for assets sited at third party property?	*N/A*	
Is the asset register up to date and reviewed annually?	*YES*	The asset register was reviewed in the year under review with the values submitted on the Annual Governance and Accountability Return for Internal

[9] Practitioners Guide

		Audit show an asset value of £9,528 which agrees with that detailed in the Asset Register.
Cross checking of insurance cover	*N/A*	Council has insurance under all risks cover for its assets as specified under generic headings on the insurance schedule.
Additional comments:		

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
Is bank reconciliation regularly completed and reconciled with the cash book and cover every account?	*YES*	As of September 2024, the new clerk has ensured bank reconciliations are completed on a regular basis and reported to council.
Do bank balances agree with bank statements?	*YES*	Bank balances agree with period end statements and, as at year end 31st March 2025 the balance across the council's account stood at £13,935.98.
Is there regular reporting of bank balances at Council meetings?	*YES*	Bank balances are reported 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.

Section 11 – year end procedures		
Evidence		*Internal auditor commentary*
Are appropriate accounting procedures used?	*YES*	Accounts are produced on a receipts and payments basis and all found to be in order.
Financial trail from records to presented accounts	*YES*	There is a full audit trail from records to presented accounts.
Has the appropriate end of year AGAR[10] documents been completed?	*YES*	As Council is a smaller authority with gross income and expenditure not exceeding £25,000 it will be required to complete Form 2 of the AGAR.
Did the Council meet the exemption criteria and correctly declared itself exempt?	*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 which was confirmed at a meeting of the Council on 9th September 2024. **RECOMMENDATION:** Council was required to declare itself exempt before the 1st July.
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*	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 did not correctly provide for the exercise of elector's rights. The RFO had set the dates for the inspection of the Council's accounts and associated documents as 11th September 2024 to 11th October 2024 with the date of the notice being 9th September 2024. **COMMENT:** This did not include the first 10 days of July, nor was it for a period of 30 working days.

[10] Annual Governance & Accountability Return (AGAR)

Have the publication requirements been met in accordance with the Regulations?[11]	*NO*	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: • Certificate of Exemption, page 3 • Annual Internal Audit Report 2023/24, page 4 • Section 1 – Annual Governance Statement 2023/24, page 5 • Section 2 – Accounting Statements 2023/24, page 6 • Notice of the period for the exercise of public rights and other information required by Regulation 15 (2), Accounts and Audit Regulations 2015. **COMMENT:** It is also a requirement council publish an Analysis of Variances and a Bank Reconciliation.
Additional comments:		

[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		*Internal auditor commentary*
Has the Council considered the previous internal audit report?	*YES*	The Internal Audit Report for the period ending 31st March 2024 was formally considered by council at a meeting held 5th August 2024.
Has appropriate action been taken regarding the recommendations raised?	*Partly Met*	At the above meeting council created an Action Plan which has seen great progress. This is reviewed each meeting by council and is well on the way to completion.
Has the Council confirmed the appointment of an internal auditor? *Has the letter of engagement been approved by full council?*	*Not confirmed*	The clerk advised the confirmation of SALC as the internal auditor was completed at a meeting held 12th May 2025. The minutes of this meeting were not yet published.
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*	Council was exempt from a limited assurance review
Has appropriate action been taken regarding the comments raised?	*N/A*	As above
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		*Internal auditor commentary*
Was the annual meeting held in accordance with legislation? [13]	*NO*	There were no meetings held in May.
Is there evidence that Minutes are administered in accordance with legislation? [14]	*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.
Is there a list of members' interests held?	*Partly Met*	Evidence was seen on the East Suffolk Council website of some of the Register of Interests for current Parish Councillors. **RECOMMENDATION:** It is noted that some of the councillors details appear to be missing and some require removing. The council should review the information held and correct where required.
Does the Council have any Trustee responsibilities and if so, are these clearly identified in a Trust Document?	*N/A*	Council does not have any Trustee Responsibilities.
Has the Transparency Code been correctly applied, and information published in accordance with current legislation?	*NO*	To ensure compliance with the requirements of the Transparency Code for smaller authorities (turnover not exceeding £25,000), the following should be published on the council website; Internal Audit Report List of Councillors and Responsibilities Items of Expenditure Above £100 including recoverable and non-recoverable VAT End of Year Accounts

[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

		Annual Governance Statement Asset Register 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. **RECOMMENDATION:** That council publishes the items in bold, and those already published as detailed on the council website in an area specifically for Transparency Code to enable easy access and information as required.
Has the Council registered with the Information Commissioner's Office (ICO)?[15]	*YES*	The Council is correctly registered with the Information Commissioner's Office (ICO) as a Data Controller in accordance with the Data Protection Legislation.
Is the Council compliant with the General Data Protection Regulation requirements?	*YES*	Council has taken steps to ensure compliancy with the GDPR requirements.
Has the Council published a website accessibility statement on their website in line with Regulations?[16]	*NO*	Council has accessibility tools on its website thereby allowing for the increased functionality of the council's website. **RECOMMENDATION:** That an accessibility statement be published to meet the legal requirements under the Public Sector Bodies Accessibility Regulations 2018.
Does the council have official email addresses for correspondence?[17]	*YES*	Council and clerk operates with an email address directly linked to the Parish Council. **RECOMMENDATION:** It is recommended council moves to a .gov.uk email address, thereby complying with GDPR and demonstrating that the council has an official status thereby building trust, credibility and authenticity.

[15] Data Protection Act 2018
[16] Website Accessibility Regulations 2018
[17] Practitioners Guide

Is there evidence that electronic files are backed up?	*YES*	Councils Risk Assessment stated files are backed up and passwords held securely.
Do terms of reference exist for all committees and is there evidence these are regularly reviewed?	*N/A*	Council does not operate with a committee system.
Additional comments:		

Signed: J. Lawes

Date of Internal Audit Report: 20th June 2025

On behalf of Suffolk Association of Local Councils