

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

Clerk	Nicola Calder
RFO (if different)	-
Chairperson	Councillor David Taylor
Precept	£ 5,500.00
Income	£ 7,637.02
Expenditure	£ 7,887.60
General reserves	£3,934.82
Earmarked reserves	£5,167.51
Audit type	Exempt authority (income and expenditure less than £25,000)
Auditor name	Alan Melton

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 council uses spreadsheets for the basis of accounts on a receipts and payment basis in accordance with Financial Regulations
<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 council’s income and expenditure are less than £200,000, the ledger is up to date. Gross income £7,637.02 Gross expenditure £7,887.60
<i>Is the cash book up to date and regularly verified?</i>	Yes	The cash book is up to date and is correct and demonstrates clear and transparent accounting, the cash book clearly shows: <ul style="list-style-type: none"> • Dates • Items • Payments • Credits • VAT • Precept • Grants
<i>Is the arithmetic correct?</i>	Yes	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 and are based on the NALC Model Standing Orders. The Standing Orders were reviewed April 2025
Are Financial Regulations up to date and reviewed annually?	Yes	The revised Financial Regulations were reviewed April 2025 and are up to date, based on the NALC Model Financial Regulations
Has the Council properly tailored the Financial Regulations?	Yes	The council has tailored the Financial Regulations to meet the needs of the council.
Has the Council appointed a Responsible Financial Officer (RFO)? ¹	Yes	In accordance with the Local Government Act 1972 (d) Section 151, the council has appointed a Responsible Finance Officer
Additional comments:		

¹ Section 151 Local Government Act 1972 (d)

Section 3 – Payment controls		
<p>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.</p>		
Evidence		<i>Internal auditor commentary</i>
Is there supporting paperwork for payments with appropriate authorisation?	Yes	I asked the Clerk to send me copies of paid invoices, all were cross checked against the cash book and all are in order. All invoices are reported to full council.
Where applicable, are internet banking transactions properly recorded and approved?	Yes	Internet Banking is operated by the council. Internet Banking is operated in accordance with the council's Financial Regulations. All transactions are approved by full council and authorised for payment in accordance with the Council's Financial Regulations. All transactions are recorded in the minutes.
Is VAT correctly identified, recorded, and claimed within time limits?	Yes	VAT is properly recorded and claimed within HMRC time limits A VAT reclaim was submitted 20 th January 2025 for the sum of £521.46
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 Competence
Are payments under s.137 ³ separately recorded, minuted and is there evidence of direct benefit to electorate?	N/A	The council has made not recorded any s137 payments.

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 council reviewed and adopted a full and comprehensive Risk Assessment at the meeting of the council 8 th May 2024 (minute 10d)
<i>Is there evidence that risks are being identified and managed?</i>	Yes	The council is aware that risk assessment needs to be managed effectively, there is evidence that the council manage risks adequately.
<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 insurance provided by Clear Councils Policy Number: 100723637BDN/LCO2737 and is reviewed annually. <ul style="list-style-type: none"> • Public Liability £10m • Employers Liability £10m • Fidelity Guarantee £50k • Substantial All Risks
<i>Evidence that internal controls are documented and regularly reviewed⁴</i>	Yes	There is clear evidence that internal controls are in place and are adequate Internal controls are recorded and minuted on a bi-monthly basis

⁴ Accounts and Audit Regulations

<p><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></p>	<p>Yes</p>	<p>At the meeting of the council on 8th May 2024, the council reviewed the effectiveness of Internal Control (minute 10d). The council reviewed an internal control check list. The Internal Audit Report was received by the council at the meeting 10th July 2024 (minute 10a). Council agreed an action plan to rectify recommendations from Internal Audit</p>
<p><i>Additional comments: Council has demonstrated that the Internal Control and Internal Audit were received and an action plan was put into place. This has been evidenced during this Internal Audit.</i></p>		

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	The budget was set and agreed by full council in accordance with Standing Orders and Financial Regulations and finalised January 2024 and was set at £6,180 for 2024/2025
<i>Verify that the precept amount has been agreed in full Council and clearly minuted</i>	Yes	The council agreed to request a precept of £5,500.00 from West Suffolk District Council, the precept is properly minuted on 10 th January 2024 (minute d) and properly recorded in Box 2 Section 2 – Accounting Statements 2024/2025
<i>Regular reporting of expenditure and variances from budget</i>	Yes	All expenditure and variances are reported to full council at all meetings
<i>Reserves held – general and earmarked⁶</i>	Yes	The General Reserve as recorded is £3,934.82 Earmarked Reserve £5,167.51 Comment: The General Reserve of £3,934.82 is more than 50% of income and is adequate.
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
<i>Is income properly recorded and promptly banked?</i>	Yes	All income is fully recorded and minuted
<i>Is income reported to full council?</i>	Yes	All income is reported to full council and minuted
<i>Does the precept recorded agree to the Council Tax Authority's notification?</i>	Yes	The precept recorded agrees with the precept request and is entered in the cash book. The precept of £5,500 is correctly entered in Box 2 – Accounting Statements 2024/2025
<i>If appropriate, are CIL reporting schedules in accordance with the Regulations?⁷</i>	N/A	The council receives no CIL Income
<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	
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 have 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 2024/2025 Employment contracts were not available for Internal Audit The salary is agreed by full council, all salary payments are presented to council for approval and payment, in accordance with Standing orders and Financial Regulations The council does not pay minimum wage
<i>Has the Council approved salary paid?</i>	Yes	
<i>Minimum wage paid?</i>	No	
<i>Are arrangements in place for authorising of the payroll and payments to the council? Does this include a verification process for agreeing rates of pay to be applied?</i>	Yes	Arrangements are in place to verify the legitimacy of salary payments All salaries are paid within the salary terms and conditions set by the council
<i>Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?</i>	Yes	The payroll function is in accordance with the guidelines as set by HMRC. PAYE and NIC deductions are deducted correctly and promptly paid to HMRC
<i>Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?⁸</i>	Yes	The council is aware of its pension responsibilities; no member of staff has opted into a pension scheme
<i>Have pension re-declaration duties been carried out</i>	Yes	The pension re-declaration was approved on 23 rd January 2025
<i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i>	Yes	All expenses and payments are submitted to full council for approval and payment
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 council has a full and comprehensive Asset Register in accordance with proper practises.
<i>Is the value of the assets included? (Note value for insurance purposes may differ)</i>	Yes	All the asset values are included. The current value of assets 2024/2025 £54,037, however the value of assets entered in Box 9 Section 2 – Accounting Statements 2024/2025 is £50,933
<i>Are records of deeds, articles, land registry title number available?</i>	Yes	
<i>Are copies of licences or leases available for assets sited at third party property?</i>	N/A	The council does not have assets on third party property
<i>Is the asset register up to date and reviewed annually?</i>	No	There is a difference of £3,104 between the asset register and the AGAR declaration. <i>Comment: The council should review the information on the website, although I note the register has been updated for 2025/2026</i>
<i>Cross checking of insurance cover</i>	Yes	The council has adequate All Risks to provide adequate cover of the council's assets
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	Bank reconciliations The bank balances are completed on a regular basis and reconciled with the cash book
<i>Do bank balances agree with bank statements?</i>	Yes	Bank balances on 31 st March 2025 <ul style="list-style-type: none"> • Current Account £3,934.82 • Instant Access Account £5,167.51 • Total £9,102.33 • The cash book balance is £9,102.33 • The entry in Box 7/8 Section 2 – Accounting Statements 2024/2025 £9,102
<i>Is there regular reporting of bank balances at Council meetings?</i>	Yes	All bank balances are reported at all council meetings and minuted.

Section 11 – year end procedures		
Evidence		<i>Internal auditor commentary</i>
<i>Are appropriate accounting procedures used?</i>	Yes	All accounts are produced on a receipts and expenditure basis and all were found to be put in order
<i>Financial trail from records to presented accounts</i>	Yes	Cross checking demonstrates that there is a clear and transparent financial trail.
<i>Has the appropriate end of year AGAR¹⁰ documents been completed?</i>	Yes	The council is a smaller authority with an income of less than £200,000, the council has an income and expenditure of less than £25,000
<i>Did the Council meet the exemption criteria and correctly declared itself exempt?</i>	Yes	The council meets the exemption criteria and has declared itself exempt on 7 th May 2025.
<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 council demonstrated the exercise of Public Rights The notice was published 8 th May 2024 Commencing Monday 3 rd June 2024 Ending Friday 12 th July 2024
<i>Have the publication requirements been met in accordance with the Regulations?¹¹</i>	Yes	The council has an income of less than £200,000 and as a smaller authority the council complied with the Accounts and Audit Regulations 2015. <ul style="list-style-type: none"> • Notice of Exercise of Public Rights • Exemption Certificate • Section 1 – Annual Governance Statement AGAR • Section 2 – Accounting Statements • Annual Internal Auditors Report
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 council considered the previous internal audit report at the meeting 10th July 2024 (minute 10a)
<i>Has appropriate action been taken regarding the recommendations raised?</i>	Yes	At the meeting 10 th July 2024 (minute 10b) the council reviewed the internal Audit report and agreed to set up an action plan to deal with all recommendations.
<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 3 rd March 2025, members agreed the appointment of Association of Suffolk Local Councils as Internal Auditor 2024/2025 financial year.
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		<i>Internal auditor commentary</i>
<i>Has the Council considered the previous external audit report?¹²</i>	<i>N/A</i>	As the council is an exempt authority there is no requirement for a limited Assurance Review.
<i>Has appropriate action been taken regarding the comments raised?</i>	<i>N/A</i>	
<i>Additional comments:</i>		

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 8 th May 2024 Councillor Painter 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 in accordance with the council's Standing Orders and in line with the Local Government Act 1972 Schedule 12 paragraphs 41 (1). The Chair signs the minutes at each subsequent meeting of the council.
<i>Is there a list of members' interests held?</i>	Yes	The register of interests is published on 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 does not have any trustee responsibilities
<i>Has the Transparency Code been correctly applied, and information published in accordance with current legislation?</i>	Yes	The council is aware of the Transparency Code 2015 for smaller authorities and is correctly applied The following are published on the council's website: <ul style="list-style-type: none"> • Standing Orders • Financial Regulations • List of Councillors • Register of \Interests • Year-end Accounts • Risk Assessments • Asset Register • Data Protection • Equal Opportunities
<i>Has the Council registered with the Information Commissioner's Office (ICO)?</i> ¹⁵	Yes	The council is registered with the Information Commissioners Office Number: ZA446468 expires 7 th August 2025

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 an active policy of complying with GDPR requirements. The policy was reviewed and adopted March 2025, there is a full suite of GDPR data on the council's website.
<i>Has the Council published a website accessibility statement on their website in line with Regulations?¹⁶</i>	Yes	The council has an updated website Accessibility Statement; the statement is published on the council's website. The statement details methods of evaluation, technical details, in accordance with WCAG 2.1 Regulation 8 of the Public Sector Bodies (Websites and Mobile Applications) (no 2) Accessibility Regulations 2018
<i>Does the council have official email addresses for correspondence?¹⁷</i>	Yes	The Clerk and all members have .gov.uk email addresses
<i>Is there evidence that electronic files are backed up?</i>	Yes	The council has adequate back up facilities in place
<i>Do terms of reference exist for all committees and is there evidence these are regularly reviewed?</i>	N/A	The council does not have a committee system
<i>Additional comments: The Internal Audit Report 2023/2024 recommended a number of issues that needed to be addressed. Cross checking has established that the council has taken action to incorporate the recommendations for the 2024/2025 Internal Audit review.</i>		

Signed: Alan Melton

Date of Internal Audit Visit: 16th June 2025 Date of Internal Audit Report: 17th June 2025
 On behalf of Suffolk Association of Local Councils

¹⁶ Website Accessibility Regulations 2018

¹⁷ Practitioners Guide