

Internal Audit Report for Nettlestead Parish Meeting for the period ending 31 March 2025

Clerk	Janet Gobey
RFO (if different)	-
Chairperson	Nick Cooper
Precept	£ 0
Income	£ 0
Expenditure	£ 1,151.08
General reserves	£750.00
Earmarked reserves	£5000.00
Audit type	Exempt (Income and expenditure less than £25,000) Parish Meeting
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 ledger is up to date. The Meeting uses excel spreadsheets Receipts and Payment basis
<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	
<i>Is the cash book up to date and regularly verified?</i>	Yes	The income is £0 there is expenditure of £1,151 The Income and Expenditure is recorded on an Income and Expenditure Basis The cash book and report follow proper practices and accounting procedures, and give a clear understanding of the meeting’s financial standing.
<i>Is the arithmetic, correct?</i>	Yes	A spot check has confirmed that the arithmetic is correct
Additional comments:		

Section 2 – Financial Regulation and Standing Orders		
The internal auditor will check the date the Council conducted its annual review of both Standing Orders and Financial Regulations and in particular check if these are based on NALC'S latest model which include legislative changes.		
Evidence		<i>Internal auditor commentary</i>
Have Standing Orders been adopted, up to date and reviewed annually?	N/A	A Parish Meeting does not require Standing Orders
Are Financial Regulations up to date and reviewed annually?	Yes	The Financial Controls are up to date. The current Financial Controls were reviewed and adopted 13 th November 2024 <i>Comment: The meeting is advised that NALC have published revised Model Financial Regulations March 2025.</i>
Has the Meeting properly tailored the Financial Regulations?	Yes	The Financial Regulations are tailored to the Parish Meeting
Has the Council appointed a Responsible Financial Officer (RFO)? ¹	Yes	In accordance with the Local Government Act 1972, the Clerk acts as Responsible Finance Officer.
Additional comments:		

¹ Section 151 Local Government Act 1972 (d)

Section 3 – Payment controls		
The internal auditor will specifically check bank reconciliation including credit/debit cards and management approval processes and evidence that internal Financial Regulations (FO) are being followed. The internal auditor will examine how regular payments are managed and specifically seek evidence that these have been brought back to the Council for verification purposes especially where the actual payment made differs from the amount previously agreed. VAT should be clearly identified including evidence that claims have been correctly managed. The internal auditor will check if the Council has a clear understanding on eligibility in relation to the General Power of Competence and that s.137 has been correctly applied and managed.		
Evidence		<i>Internal auditor commentary</i>
Is there supporting paperwork for payments with appropriate authorisation?	Yes	The Clerk/RFO provided me with all payments for inspection and cross checking, all were in order
Where applicable, are internet banking transactions properly recorded and approved?	N/A	The meeting does not operate internet banking
Is VAT correctly identified, recorded, and claimed within time limits?	N/A	As a Parish Meeting VAT reconciliation is not required
Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly? ²	N/A	The Parish Meeting cannot adopt the General Power of Competence
Are payments under s.137 ³ separately recorded, minuted and is there evidence of direct benefit to electorate?	Yes	The Financial Report shows two s137 payments totalling £700.00 and properly reported and minuted. <ul style="list-style-type: none"> • The Community Shop £350.00 • Friends of Somersham School Each demonstrates value for the community

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 meeting 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
<i>Is there evidence of risk assessment documentation?</i>	Yes	The Risk Assessment has been reviewed and up to date on 13 th November 2024
<i>Is there evidence that risks are being identified and managed?</i>	Yes	The Parish Meeting is aware that they are responsible for community money. The Meeting meets the requirements of the Financial Regulations
<i>Does the Meeting 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 Meeting has an insurance policy with ANSVAR, ACY2385771 <ul style="list-style-type: none"> • Public Liability: £10m • Employers Liability £10m • Fidelity Guarantee – operative - £25,000 specific • All Risks – Not operative • Legal expenses
<i>Evidence that internal controls are documented and regularly reviewed⁴</i>	Yes	The meeting has reviewed its Financial Controls and is in accordance with the Financial Regulations

⁴ Accounts and Audit Regulations

<i>Evidence that a review of the effectiveness of internal audit was conducted during the year, including consideration of the independence and competence of the internal auditor prior to their appointment⁵</i>	Yes	The meeting has shown effectiveness of Internal Controls and have re-appointed Suffolk Association of Local Councils to carry out the annual Internal and Audit Report
Additional comments:		

⁵ Practitioners Guide

Section 5 – Budgetary controls		
The internal auditor will seek verification that budgets are properly prepared, agreed and monitored. In particular they will look for evidence of good practice in that the key stages of the budgetary process have been followed		
Evidence		Internal auditor commentary
<i>Verify that budget has been properly prepared and agreed</i>	Yes	There is evidence that the Budget was agreed at the meeting of 13 th November 2025
<i>Verify that the precept amount has been agreed by the Meeting and clearly minuted</i>	Yes	The Parish Meeting did not request a precept
<i>Regular reporting of expenditure and variances from budget</i>	Yes	Expenditure was reported at the Parish Meetings May/November
<i>Reserves held – general and earmarked⁶</i>	Yes	The accounts show a General Reserve of £750.00 and Earmarked Reserves £5,000.00
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>	N/A	The Meeting received no income
<i>Is income reported to full council?</i>	N/A	No income to report
<i>Does the precept recorded agree to the Council Tax Authority's notification?</i>	N/A	The meeting did not receive a precept
<i>If appropriate, are CIL reporting schedules in accordance with the Regulations?⁷</i>	N/A	The Meeting did not receive CIL payments.
<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>	N/A	The Meeting does not operate a Petty Cash System
<i>If appropriate, is there an adequate control system in place?</i>	N/A	
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>	<i>N/A</i>	The Parish Meeting does not employ any staff
<i>Has the Meeting approved salary paid?</i>	<i>N/A</i>	
<i>Minimum wage paid?</i>	<i>N/A</i>	
<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>	<i>N/A</i>	
<i>Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?</i>	<i>N/A</i>	
<i>Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?⁸</i>	<i>N/A</i>	
<i>Have pension re-declaration duties been carried out</i>	<i>N/A</i>	
<i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i>	<i>N/A</i>	
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 Meeting maintain a register of material assets it owns and manage this in accordance with proper practices?⁹</i>	N/A	The Parish Meeting has no assets
<i>Is the value of the assets included? (Note value for insurance purposes may differ)</i>	N/A	
<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	The Parish Meeting has no assets on third party property
<i>Is the asset register up to date and reviewed annually?</i>	N/A	The Parish Meeting has no assets
<i>Cross checking of insurance cover</i>	N/A	The Parish Meeting has no 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	The cash book is reported at Parish Meetings May/November
<i>Do bank balances agree with bank statements?</i>	Yes	The closing balance of the accounts are: £7,210.85 The balance at the bank as shown on the statement is: £7,210.85
<i>Is there regular reporting of bank balances at Meeting meetings?</i>	Yes	Bank balances are reported to the Parish Meetings May/November 2024

Section 11 – year end procedures		
Evidence		<i>Internal auditor commentary</i>
<i>Are appropriate accounting procedures used?</i>	Yes	Accounts are recorded on a receipts and payment basis
<i>Financial trail from records to presented accounts</i>	Yes	All records were presented for Internal Audit
<i>Has the appropriate end of year AGAR¹⁰ documents been completed?</i>	Yes	The Parish Meeting is a Smaller Authority with an Income and Expenditure of less than £25,000
<i>Did the Meeting meet the exemption criteria and correctly declare itself exempt?</i>	Yes	The Parish Meeting has completed Certificate of Exemption – AGAR 2024/2025 Form PM
<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 Parish Meeting has complied with the requirements of the regulations for smaller authorities with income and expenditure less than £25,000.
<i>Have the publication requirements been met in accordance with the Regulations?¹¹</i>	Yes	The Notice of Public Rights has been completed and was posted Saturday 1 st June 2024 Commencing date: Monday 3 rd June 2024 Ending Friday 12 th July 2024 <ul style="list-style-type: none"> • Certificate of Exemption • Section 1 - Annual Governance Statement • Section 2 – Accounting Statements 2023/2024 • Notice Period of exercise of Public Rights as required by Regulation 15 (2) Accounts and Audit Regulations 2015
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 Meeting considered the previous internal audit report?</i>	Yes	At the meeting held on 30 th May 2024 (minute 8b) members received the Internal Audit Report
<i>Has appropriate action been taken regarding the recommendations raised?</i>	Yes	The contents were noted
<i>Has the Meeting confirmed the appointment of an internal auditor?</i> <i>Has the letter of engagement been approved by full council?</i>	Yes	The Meeting has re-appointed Association of Suffolk Local Councils as Internal Auditor for 2024/2025
Additional comments:		

Section 13 – external audit for the period under review		
The internal auditor will revisit the external audit so that previous weaknesses and recommendations can be considered.		
Evidence		<i>Internal auditor commentary</i>
<i>Has the Meeting considered the previous external audit report?¹²</i>	N/A	As the Meeting has an Income and Expenditure less than £25,000 it is exempt from a limited assurance review.
<i>Has appropriate action been taken regarding the comments raised?</i>	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		<i>Internal auditor commentary</i>
<i>Was the annual meeting held in accordance with legislation?</i> ¹³	Yes	The meeting was held of the Parish Meeting on 30 th May 2024 Mr Nick Cooper was elected as Chair of the Meeting
<i>Is there evidence that Minutes are administered in accordance with legislation?</i> ¹⁴	Yes	The minutes of the Meeting are recorded in accordance with the Local Government Act 1972 schedule 12, paragraphs 41 (1) and 44
<i>Is there a list of members' interests held?</i>	N/A	As a Parish Meeting, there is no requirement for a register of interests
<i>Does the Meeting have any Trustee responsibilities and if so, are these clearly identified in a Trust Document?</i>	N/A	The Parish Meeting has no Trustee responsibilities
<i>Has the Transparency Code been correctly applied, and information published in accordance with current legislation?</i>	N/A	The Parish Meeting is not required to publish a Transparency Code.
<i>Has the Meeting registered with the Information Commissioner's Office (ICO)?</i> ¹⁵	Yes	The Meeting is registered with the Information Commissioners Office ZA 469768 expires 15 th April 2026
<i>Is the Council compliant with the General Data Protection Regulation requirements?</i>	Yes	The Parish Meeting details a Privacy Policy.
<i>Has the Council published a website accessibility statement on their website in line with Regulations?</i> ¹⁶	Yes	The Parish Meeting has accessibility tools on its website. The website details technical information and methods used to test the website. The information complies with WCAG 2.1 Standard under Regulation 8 of the Public Sector Bodies (Websites and \Mobile Applications0 (no 2) Accessibility Regulations 2018

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

¹⁶ Website Accessibility Regulations 2018

<i>Does the council have official email addresses for correspondence?¹⁷</i>	Yes	The Clerk and the Chair of the Parish Meeting have official email addresses linked to the Parish Meeting Website
<i>Is there evidence that electronic files are backed up?</i>	Yes	The records are backed up 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	The Parish Meeting does not operate a committee system
Additional comments:		

Signed: Alan Melton

Date of Internal Audit Visit: 21st May 2025

Date of Internal Audit Report: 22nd May 2025

On behalf of Suffolk Association of Local Councils

¹⁷ Practitioners Guide