Internal Audit Report for Westerfield Parish Council

for the period ending 31 March 2025

Clerk	David Gooch
RFO (if different)	-
Chairperson	Councillor Jason Kirk
Precept	£ 10,017.44
Income	£ 18,733.86
Expenditure	£ 27,349.56
General reserves	£9,933.55
Earmarked reserves	£47,500
Audit type	Smaller Authority not exceeding £200,000
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		*Internal auditor commentary*
Is the ledger maintained and up to date?	*Yes*	Updated spread sheets have been submitted for the internal audit, the spreadsheets are used at the meetings of the council which are held bi-monthly. The spreadsheets and bank reconciliation present a clear picture for members and members of the public via the council's website.
Is the ledger on the correct basis in relation to the gross income/expenditure? (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 gross income and expenditure is below the £200,000 threshold for smaller councils and has been for the last 5 years. The council works on an Income and Expenditure basis and conforms to the council's Standing Orders and Financial Regulations.
Is the cash book up to date and regularly verified?	*Yes*	The cash book is up to date and verified at all council meetings. The relevant information includes: • Dates • Items • Payments • Credits • VAT • Precept • Grants • CIL accounts
Is the arithmetic correct?	*Yes*	Spot checking has established 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		*Internal auditor commentary*
Have Standing Orders been adopted, up to date and reviewed annually?	*Yes*	The Standing Orders were reviewed 16th July 2024. The Standing Orders are published on the council's website
Are Financial Regulations up to date and reviewed annually?	*Yes*	The Financial Regulations were reviewed on 16th July 2024. The council uses the NALC 2024 model.
Has the Council properly tailored the Financial Regulations?	*Yes*	The Financial Regulations have been tailored to meet the council's requirements.
Has the Council appointed a Responsible Financial Officer (RFO)?[1]	*Yes*	The Clerk is the Responsible Finance Officer
Additional comments: The Model Financial Regulations are based on the March 2024 model; the council should adopt the March 2025 model for the next financial year.		

[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		*Internal auditor commentary*
Is there supporting paperwork for payments with appropriate authorisation?	*Yes*	A full schedule of payments was submitted for Internal Audit. The payments are submitted to the council for payment authorisation, An inspection of a selection of invoices demonstrates that payments and recording are correct and reported to council.
Where applicable, are internet banking transactions properly recorded and approved?	*Yes*	Internet bank procedures and safeguards are in place. Authorisation for payment is made by full council, and two elected members are required to countersign and authorise payments.
Is VAT correctly identified, recorded, and claimed within time limits?	*Yes*	The VAT records are up to date and re-claims made within the timescales. • A re-claim was recorded 01/04/2024 - £1,341.87 • A re-claim was recorded 01/10/2024 - £165.59 • The estimated re-claim at 31/03/2025 = £500.00
Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly?[2]	*No*	The council does not have the General Power of Competence
Are payments under s.137[3] separately recorded, in the minutes and is there evidence of direct benefit to electorate?	*No*	No specific s137 payments are recorded

[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?		
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
Is there evidence of risk assessment documentation?	*Yes*	The Risk and Financial Risk Assessments was reviewed and adopted by council 13th March 2025. The Risk Assessments are comprehensive and adequately highlight the Risks that the council identified.
Is there evidence that risks are being identified and managed?	*Yes*	There is evidence that the Risks are managed effectively and are reviewed on an annual basis.
*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*	The Council has insurance cover provided by ANSVAR Policy Number: ACY2408221 • Public Liability £10m • Employers Liability £10m • All Risks £255k • Fidelity Guarantee £100k
Evidence that internal controls are documented and regularly reviewed[4]	*Yes*	The council adopted Internal Controls for the year ended 31st March 2025. The document is comprehensive and is accordance with the Regulation 6 of the Accounts and Audit Regulations 2025. The document confirms that

[4] Accounts and Audit Regulations

		the financial and management systems are robust and demonstrates that the council understands its internal control obligations
Evidence that a review of the effectiveness of internal audit was conducted during the year, including consideration of the independence and competence of the internal auditor prior to their appointment[5]	*Yes*	The council has confirmed the scope and effectiveness of the Internal Audit process at the meeting of the council 18th March 2025.It was resolved that the Suffolk Association of Local Councils would carry out the Internal Audit function 2024/2025.
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	*Yes*	The budget for the year 2024/2025 was approved by the council on 16th January 2024,minute: 7.3 The council budgeted for the sum of £12,200 it was noted in the minutes that the budget would be covered by: • Precept • Bank Interest • VAT Re-claim • CIL Funds • Reserves if necessary
Verify that the precept amount has been agreed in full Council and clearly in the minutes	*Yes*	The precept of £10,017.4 for 2024/2025 was agreed by full council and represented no increase in the precept from 2023/2024. This is clearly shown in the minutes of the meeting 16th January 2024 minute 7.4. The formal request to East Suffolk District Council is clearly identified.
Regular reporting of expenditure and variances from budget	*Yes*	Regular reporting of variances is reported to bi-monthly council meetings
Reserves held – general and earmarked[6]	*Yes*	The General Reserve is recorded as £9,933.55. Earmarked Reserves of £47,500. CIL Reserves are identified as £48,041.91
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 the Council's Financial Regulations The Clerk has ensured that recording is in accordance with proper practises, and the records show day to day recording.
Is income reported to full council?	*Yes*	Income received is identified, recorded and presented to full council at all bi-monthly meetings and are clearly recorded in the minutes of the meetings
Does the precept recorded agree to the Council Tax Authority's notification?	*Yes*	The sum of £10,017.44 was recorded correctly and was reported to council, the precept payment was received in two tranches, April and September 2024
If appropriate, are CIL reporting schedules in accordance with the Regulations?[7]	*Yes*	During the year the council received CIL payments totalling £5,857.44
Is CIL income reported to the council?	*Yes*	The CIL Income is reported to the council
Does unspent CIL income form part of earmarked reserves?	*Yes*	The sum of £48,041.91 is identified as part of the un-spent reserves.
Has an annual report been produced?	*Yes*	At minute 7.1 meeting of the parish council 12th January 2025 a report by the RFO identified the following: • £9,517.72 has been identified as funds expiring 24/25 • Specific small items are identified for CIL expenditure • The remaining balance would be allocated to 2024/2025 has been allocated for road safety improvements, • At minute 2.4, the clerk reported that draft drawings had been received from Suffolk County Council Highways, the drawings were awaiting verification form County Highways.
Has it been published on the authority's website?	*Yes*	

[7] Community Infrastructure Levy Regulations 2010

		At the parish council meeting 18th March 2025 minute 2.3, the clerk reported that estimates of £17,458.17 including VAT had been received for the road safety works. The work would be completed by the end of the current financial year. An annual report is currently being produced and will be published
Additional comments: The council clearly demonstrated the need to address the potential clawback of CIL money and quickly resolved to identify projects in the village which would benefit the whole community.		

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
Is petty cash in operation?	*No*	The Council does not a petty cash policy
If appropriate, is there an adequate control system in place?	*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
Do all employees have contracts of employment?	*Yes*	The council only has one employee on its payroll, The council have agreed terms and conditions. I have not seen a copy of the contract of employment. The clerk's salary has been agreed by full council, payments are made by BACs in accordance with the council's Financial Regulations. The council uses the NALC guidelines to set salary levels. The council does not operate minimum wage as a salary,
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 adequate payroll arrangements in place which ensures the accuracy of the payments. PAYE and NIC is calculated within the HMRC guidelines
Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?	*Yes*	The Suffolk Association of Local Councils is contacted to carry out the payroll function, all payments are recorded and are approved by full council.
Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?[8]	*Yes*	The council is aware of its pension responsibilities, the clerk has opted not to be part of the pension scheme.
Have pension re-declaration duties been carried out	*Yes*	The last pension re-declaration was 11/08/2022 and is due for renewal on 30/07/2025
Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?	*Yes*	The clerk submits all claims for expenses to the council for approval, payments are authorised by 2 members of the council
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
Does the Council maintain a register of material assets it owns and manage this in accordance with proper practices?[9]	*Yes*	The Asset Register is published on the council's website and has been available for Internal Audit. The net value of assets is listed as £31,397; the Asset Register lists all assets owned by the council. The Asset Register was up dated March 2025. The value of the assets is reflected within the insurance. The council is aware of the Guidance and Accountability for Smaller Authorities and the value of the assets is based on the original purchase value and has been consistently applied.
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?		
Are copies of licences or leases available for assets sited at third party property?	*N/A*	The council has no leases or tenancies.
Is the asset register up to date and reviewed annually?	*Yes*	The Asset Register is reviewed annually and published on the council's website.
Cross checking of insurance cover	*Yes*	The council's insurance cover is adequate and assets are reflected in the All Risks category of the insurance schedule.
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
Is bank reconciliation regularly completed and reconciled with the cash book and cover every account?	*Yes*	The bank reconciliations are completed regularly and presented to full council at all meetings, cover every account The reconciliation records include: • Summary of balances • Details of bank account balances • Summary of Income and Expenditure • VAT income • CIL Income • CIL Payments
Do bank balances agree with bank statements?	*Yes*	Cross checking demonstrates that bank balances and bank statements agree. The end of year reconciliation reported to council is £**105,475.76** The bank balances (statements) Business account = £102,546.95 Treasures account £2,928.81, a total of **£105,475.76**
Is there regular reporting of bank balances at Council meetings?	*Yes*	Bank balances are reported to the council at all council meetings, this demonstrates the robustness of the internal controls.

Section 11 – year end procedures		
Evidence		*Internal auditor commentary*
Are appropriate accounting procedures used?	*Yes*	All appropriate accounting procedures have been used and are in accordance with the Standing Orders and Financial Regulations
Financial trail from records to presented accounts	*Yes*	The of accounts have been presented to the Internal Auditor for revue and demonstrate a clear financial trail.
Has the appropriate end of year AGAR[10] documents been completed?	*Yes*	As the council is a smaller authority with a gross income of more that £25,000 and less that £200,000, the council will need to submit Annual Governance and Accountability Return (AGAR) Form 3. The draft statements have been sent to the Internal Auditor in draft form. The internal auditor has checked the returns and agrees the contents.
Did the Council meet the exemption criteria and correctly declared itself exempt?	*N/A*	The council's gross income exceeds £25,000
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?	*Yes*	The councils posted the notice of elector's rights on 24/04/2024 The dates for inspection were Monday 3rd June 2024 to Friday 7th July 2024.
Have the publication requirements been met in accordance with the Regulations?[11]	*Yes*	The council has complied with the requirements of the Accounts and Audit Regulations 2015 and have published the on the council's website • Notice of the period for the exercise of public rights • Annual Internal Audit Report • Notice of conclusion of audit • Section 3 - External Auditors Report and Certificate of the AGAR • Sections of the AGAR including any amendments as a result of the limited assurance review.

[10] Annual Governance & Accountability Return (AGAR)
[11] Accounts and Audit Regulations 2015

Additional comments:

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 council reviewed the Internal Audit Report at the meeting of 17th September 2024. Minute 1.5.
Has appropriate action been taken regarding the recommendations raised?	*Yes*	The council considered the Internal Auditors comments and took the appropriate action by ensuring the Risk Assessment documents are published. It was noted at minute 5.1 11th April 2024 that the Risk Assessments were reviewed.
Has the Council confirmed the appointment of an internal auditor? *Has the letter of engagement been approved by full council?*	*Yes*	At the meeting of the council 18th March 2025, the council agreed to appoint Suffolk Association of Local Councils as Internal Auditor for the year 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		*Internal auditor commentary*
Has the Council considered the previous external audit report?[12]	*Yes*	The External Auditors Report was presented to council 17th September 2024.It was reported that 1 and 2 of the AGAR comply with proper practises. Other opinion “none”
Has appropriate action been taken regarding the comments raised?	*N/A*	No actions required
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]	*Yes*	The annual meeting of the council was held on 21st May 2024 Councillor Councillor Jason Kirk was elected as Chair for the municipal year 2024/2025
Is there evidence that Minutes are administered in accordance with legislation? [14]	*Yes*	The minutes are recorded in accordance with legislation
Is there a list of members' interests held?	*Yes*	A link to East Suffolk District Council is published on the council's website
Does the Council have any Trustee responsibilities and if so, are these clearly identified in a Trust Document?	*No*	There are no trusts
Has the Transparency Code been correctly applied, and information published in accordance with current legislation?	*Yes*	The Transparency Code is published on the council's website and complies with current legislation
Has the Council registered with the Information Commissioner's Office (ICO)?[15]	*Yes*	The council is registered with the Information Commissioners Office Registration number: ZA366867 expires 20/05/2025
Is the Council compliant with the General Data Protection Regulation requirements?	*Yes*	Council has taken steps to ensure with compliance with GDPR requirements. They continue to provide clear responsibilities ad obligations of the council
Has the Council published a website accessibility statement on their website in line with Regulations?[16]	*Yes*	The Accessibility Statement is published on the website, along with information for testing the website. The website was last tested in September 2021

[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

Does the council have official email addresses for correspondence?[17]	*Yes*	All councillors use a @gmail .com email address. *Comment: Although not mandatory, the council should consider the use of .gov.uk email addresses.* *Comment: .gov.uk domains are reserved for UK public bodies and are managed by the Cabinet, Digital & Data Office (CDDO).*
Is there evidence that electronic files are backed up?	*No*	I have seen no evidence of back up facilities.
Do terms of reference exist for all committees and is there evidence these are regularly reviewed?	*No*	The council does not have a committee system
Additional comments: I note that the website was last tested in September 2021. ***Recommended that the council re-tests the website for security and robustness.***		

Signed: Alan Melton

Date of Internal Audit Visit: 3rd May 2025 Date of Internal Audit Report 5th May 2025

On behalf of Suffolk Association of Local Councils

[17] Practitioners Guide