Internal Audit Report for Iken Parish Council

for the period ending 31 March 2025

Clerk	Tiffany Pollock
RFO (if different)	-
Chairperson	Councillor Alan Hutson
Precept	£ 3,591.00
Income	£ 3,777.85
Expenditure	£ 4,245.48
General reserves	£0
Earmarked reserves	£7,950.00
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		*Internal auditor commentary*
Is the ledger maintained and up to date?	*Yes*	The council uses excel spreadsheets to produce reports on Receipts and Payment basis. The spreadsheets are clear a give a clear indication of the council's finances. The ledger is up to date.
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 income and expenditure are less than £200,000 The gross income 2024/2025 is £3,777.85 The grass expenditure 2024/2025 is £4,245.48
Is the cash book up to date and regularly verified?	*Yes*	The cash book is up to date and is correct and demonstrates clear and transparent accounting, the cash book clearly shows • Dates • Items • Payments • Credits • VAT • Precept • Grants
Is the arithmetic correct?	*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		*Internal auditor commentary*
Have Standing Orders been adopted, up to date and reviewed annually?	*Yes*	The Standing Orders are up to date. Standing Orders are based on the NALC Model Standing Orders. They were reviewed and adopted 22nd August 2024 (item 15b)
Are Financial Regulations up to date and reviewed annually?	*Yes*	The Financial Regulations have been reviewed and adopted 27th June 2024 (item 14a). The Financial Regulations are based on the NALC Financial Regulations 2024. *Comment: Council should be aware that NALC published a revised Model Financial Regulations, March 2025.*
Has the Council properly tailored the Financial Regulations?	*Yes*	The councils Financial Regulations have been adopted to meet the councils' requirements
Has the Council appointed a Responsible Financial Officer (RFO)?[1]	*Yes*	In accordance with the Local Government Act 1972 (d) Section 151, the council have appointed a Responsible Finance Officer, on 23rd May 2024 (item 77a)
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		*Internal auditor commentary*
Is there supporting paperwork for payments with appropriate authorisation?	*Yes*	Unfortunately I have not received copies of paid invoices, however, having cross checked, cash book, reconciliations and bank statements, I am satisfied that all payments are in order.
Where applicable, are internet banking transactions properly recorded and approved?	*Yes*	The council operates internet banking 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 internet banking policy.
Is VAT correctly identified, recorded, and claimed within time limits?	*Yes*	VAT is correctly identified and is entered in the cash book. A VAT re-claim was submitted within permitted timelines for the sum of £263.83
Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly?[2]	*No*	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 have made no s137 payments 2024/2025

[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
Is there evidence of risk assessment documentation?	*Yes*	The council's Risk Assessment was reviewed 19th March 2025 (item 14)
Is there evidence that risks are being identified and managed?	*Yes*	The council is aware that risk assessment needs to focus on the safety of the parish councils' assets, in particular its money. There is clear evidence that risks are being managed effectively.
*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 appropriate and adequate insurance cover The policy is provided by ANSVAR, policy number: 2378547 • Public Liability £10m • Employers Liability £10m • All Risks
Evidence that internal controls are documented and regularly reviewed[4]	*Yes*	A thorough review of Internal Control was undertaken 24th August 2024 (item15c).

[4] Accounts and Audit Regulations

		Following the review, the full Internal Control Policy is now published on the council's website, the council is now operating an effective internal control policy.
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 Internal and Audit Report was received by the council on 22nd August 2024. (Minute 14b) "All comments have been accepted and noted".
Additional comments: Following the Internal and Audit Report 2023/2024 the auditor noted the lack of evidence of completed reports. Having examined the reports of internal control and risk management, I can confirm that these reports are now complete and up to date. The council should take steps to review policies annually.		

[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*	At the meeting of the council held on 23rd November 2023 (minute 12b) the council agreed the budget for 2024/2025
Verify that the precept amount has been agreed in full Council and clearly minuted	*Yes*	At the council meeting 23rd November 2023, the council agreed to request a precept of £3,591 from East Suffolk Parish Council and is clearly minuted and published.
Regular reporting of expenditure and variances from budget	*Yes*	All variances and expenditure are presented at all council meetings and authorised for payment and is recorded in the minutes.
Reserves held – general and earmarked[6]	*Partly*	The council has a reserves account with Monmouthshire Building Society with a stated balance of £7,950.73 on 31st March 2025
Additional comments: The Internal Report 2023/2024 noted that the council have not adopted a reserve/earmarked policy, or dedicated expenditure. Although the council has an income of £3,777.85 in invested sum would more than adequate to cover day to day expenditure. However, the reconciliation and balances do not make it entirely clear if the reserve of £7,950.73 is earmarked solely for the Village Hall.		

[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*	All income is recorded and promptly banked
Is income reported to full council?	*Yes*	All income is reported to all council meetings, clearly minuted and published
Does the precept recorded agree to the Council Tax Authority's notification?	*Yes*	The precept of £3,591.00 agrees with the precept request and is recorded in the cash book The sum of £3,591 is correctly entered in Box 2 – Accounting Statements 2024/2025
If appropriate, are CIL reporting schedules in accordance with the Regulations?[7]	*N/A*	The council has received no CIL income
Is CIL income reported to the council?	*N/A*	
Does unspent CIL income form part of earmarked reserves?	*N/A*	
Has an annual report been produced?	*N/A*	
Has it been published on the authority's website?	*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
Is petty cash in operation?	*No*	The council does not operate 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	During the year 2024/2025 the council one employee on the payroll The employment contracts were not available for Internal Audit. The salary and terms and conditions are agreed by the full council. The council does not pay minimum wage
Has the Council approved salary paid?	Yes	
Minimum wage paid?	No	
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	Arrangements are in place to verify the legitimacy of salary payments. All payments are made in accordance with proper practises. The full council approves the payment of salaries at all council meetings
Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?		The payroll function is outsourced to SALC, PAYE and NIC is calculated in accordance with HMRC guidelines and paid promptly.
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. No member of staff has opted into a pension scheme
Have pension re-declaration duties been carried out	Yes	The pension re-declaration was completed on 1st May 2023 and is due for re-declaration May 2026. *Comment: Following the change of clerk updated re-declaration is waiting for a decision by members of the council.*
Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?	Yes	All expenses and payments are reported to full council for authorisation and recorded in the minutes
Additional comments:		

[8] The Pension Regulator – website click here

Section 9 – Asset control		
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 council has an up-to-date Asset Register, the recorded assets entered in Box 9 Section 2 – Accounting Statements 2024/2025 is £2,303 however, the Asset Register has a valuation of assets of £37,300.00 with an estimated replacement cost of £252,500.00. This includes the value of the Village Hall which is held in trust (£250,000) The value of assets is adequately covered by the council's insurers. The deeds and articles were not made available for Internal Audit. ***Comment: It is noted that the Village Hall is insured separately by the trustees. The Asset Register needs to be revised to clearly show the separation of assets.***
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?	*Yes*	
Are copies of licences or leases available for assets sited at third party property?	N/A	It is unclear if the assets are located on third party property
Is the asset register up to date and reviewed annually?	*Yes*	See above
Cross checking of insurance cover	*Yes*	The councils listed assets have adequate insurance cover, however, the insurance policy for the Village Hall was not available for Internal Audit
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*	Bank reconciliations are included within the Financial Reports and are reported at all council meetings and recorded and published
Do bank balances agree with bank statements?	*Yes*	The bank balances agree with the bank statements. • Barclays Current Account £895.73 • Monmouthshire BS £7,950.73 • Total £8,846.46 • £8,846 is correctly entered in Box 7/8 of Section 2 – Accounting Statements 2024/2025
Is there regular reporting of bank balances at Council meetings?	*Yes*	Bank balances are included in the financial reports and are reported to full council and minuted.

Section 11 – year end procedures		
Evidence		*Internal auditor commentary*
Are appropriate accounting procedures used?	*Yes*	All accounts are produced on a receipts and payments basis; all were found to be in order
Financial trail from records to presented accounts	*Yes*	The council demonstrates that there is a clear and transparent financial trail.
Has the appropriate end of year AGAR[10] documents been completed?	*Yes*	The council is a smaller authority an income of less than £200,000
Did the Council meet the exemption criteria and correctly declared itself exempt?	*Yes*	The council has an income and expenditure of less than £25,000 and has therefore declared itself as an exempt authority The council made the declaration 22/05/2025
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 council demonstrated the exercise of Public Rights The notice was published 28th June 2024 Commencing Monday 1st July 2024 Ending Friday 9th August 2024
Have the publication requirements been met in accordance with the Regulations?[11]	*Yes*	The council has an income of less than £200,000 and as an exempt authority is not required to have a limited assurance review. The council has complied with the Audit and Accounts Regulations 2015 • Notice 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		*Internal auditor commentary*
Has the Council considered the previous internal audit report?	*Yes*	The Internal and Audit Report was received by the council on 22nd August 2024. (Minute 14b) “All comments have been accepted and noted”.
Has appropriate action been taken regarding the recommendations raised?	*Partly*	The council has taken action to meet most of the recommendation of the Internal Audit 2023/2024
Has the Council confirmed the appointment of an internal auditor? *Has the letter of engagement been approved by full council?*	*Yes*	The Council appointed Association of Suffolk Local Councils as Internal Auditor 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]	*N/A*	The council is an exempt authority and is not subject to a limited assurance review
Has appropriate action been taken regarding the comments raised?	*N/A*	
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		
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 23rd May 2024 Councillor Alan Hutson was elected 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 the council's Standing Orders and in line with the Local Government Act 1972 Schedule 12 paragraphs 41 (1) The Chair signs the minutes and the next meeting of the council. *Comment: The Internal Audit Report 2023/2024 recommended that pages should be numbered, and the minute's numbering system should be improved. **I can confirm that the numbering system has been revised**.*
Is there a list of members' interests held?	*Partly*	The list of Members Interests is published on the East Suffolk District Council website. *Comment. It is recommended that there ought to be a link or list on the Iken Parish Council website.*
Does the Council have any Trustee responsibilities and if so, are these clearly identified in a Trust Document?	*Yes*	The council is trustee to two charitable trusts; their funds are included in the parish council's accounts. The "Town Estate charity number: 212338 Iken Village Hall Charity number. 1002532 The Parish Council holds the deeds for Iken Village Hall and manages it on behalf of the community. The Village Hall is insured separately
Has the Transparency Code been correctly applied, and information published in accordance with current legislation?	*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:

[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

		• Standing Orders • Financial Regulations • List of Councillors • Yearend accounts • Risk Assessments • Asset Register • Data Protection • Privacy policy
Has the Council registered with the Information Commissioner's Office (ICO)?[15]	*Yes*	The council is registered with the Information Commissioners Office Number ZA785999 expires 11th September 2025
Is the Council compliant with the General Data Protection Regulation requirements?	*Yes*	The council has taken steps to ensure compliance with the GDPR requirements. The policy is published on the council's website
Has the Council published a website accessibility statement on their website in line with Regulations?[16]	*Yes*	The council has published on its website an Accessibility Statement – Regulation 8 of the Public Sector Bodies (Websites and Mobile Applications) (2). Accessibility Regulations 2018
Does the council have official email addresses for correspondence?[17]	*Yes*	The Clerk has a dedicated email address for council business. ikenpc@gmail.com. The councillors use personal email addresses. *Comment: Although not mandatory, councillors are recommended to have official email addresses.*
Is there evidence that electronic files are backed up?	*Yes*	The council's data is backed up on a cloud system
Do terms of reference exist for all committees and is there evidence these are regularly reviewed?	*N/A*	The council does not operate a committee system.
Additional comments:		

Signed: Alan Melton

Date of Internal Audit Visit:16th June 2025 Date of Internal Audit Report: 24h June 2025

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

On behalf of Suffolk Association of Local Councils