

Internal Audit Report for Horringer Cum Ickworth Parish Council for the period ending 31 March 2025

Clerk	Nicola Calder
RFO (if different)	-
Chairperson	Councillor Colin Knight
Precept	£ 21,000.00
Income	£ 33,686.34
Expenditure	£ 34,196.52
General reserves	£29,240.74
Earmarked reserves	£34,196.52
Audit type	Smaller Authority (Income and expenditure less than £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
<i>Is the ledger maintained and up to date?</i>	Yes	The council uses excel spreadsheets to produce reports, receipts, reconciliations and submit the reports to full council
<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 accounts are conducted on a receipts and payments basis as the gross income is less than £200,000 The income for the year 2024/2025 is £33,686.34 The gross expenditure for the year 2024/2025 is £34,196.52
<i>Is the cash book up to date and regularly verified?</i>	Yes	The cash book is up to date and is correct. The cash book demonstrates clear and transparent accounting. The cash book includes: <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 were last reviewed 18 th March 2024 (minute 7) <i>Comment: It is recommended that the Standing Orders are reviewed and amended to reflect the new model standing orders which were published April 2025</i>
Are Financial Regulations up to date and reviewed annually?	Yes	The council uses the NALC Model Financial Regulations published March 2024. <i>Comment: The council should be aware that NALC published a revised Model Financial Regulations March 2025. The council needs to review existing policies to reflect the latest changes to the regulations</i>
Has the Council properly tailored the Financial Regulations?	Yes	The council has tailored its Financial Regulations to meet the needs of the council
Has the Council appointed a Responsible Financial Officer (RFO)? ¹	Yes	In accordance with Section 151 of the Local Government Act 1972 (d), the council has appointed a Responsible Financial 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		Internal auditor commentary
Is there supporting paperwork for payments with appropriate authorisation?	Yes	I requested a selection of paid invoices from the Clerk. Cross checking has established that the invoices are correctly entered into the cash book, payments are presented to full council meetings for scrutiny and authorisation for payment.
Where applicable, are internet banking transactions properly recorded and approved?	Yes	The council uses internet banking for all transactions. All transactions are authorised in accordance with internal controls and Financial Regulations
Is VAT correctly identified, recorded, and claimed within time limits?	Yes	VAT is correctly identified and re-claimed within the HMRC guidelines. A VAT reclaim was submitted at year end for the sum of £2,955.84. On inspection of the submitted claim and invoices I am satisfied that all are in order.
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?	Yes	S137 payments of £3,500 have been recorded in the cash book for community grants, the s137 payments are recorded and authorised by the council.

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 has a Risk and Financial Risk Assessment which has been reviewed and is up to date.
<i>Is there evidence that risks are being identified and managed?</i>	Yes	The council is aware of the risks of safety and financial management The council has taken all practicable steps to manage the risks.
<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 a Clear Councils Policy underwritten by Aviva. Policy number LCO02795 expires 16 th November 2025 <ul style="list-style-type: none"> • Public Liability £10m • Employers Liability £10m • Fidelity Guarantee £250k • Officials Guarantee £150k • The council is aware
<i>Evidence that internal controls are documented and regularly reviewed⁴</i>	Yes	Internal Controls are well documented and actioned at all council meetings and verified by the Clerk.

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 council is aware of the Accounts and Audit Regulations 2015, There is a clear statement of internal controls which are reviewed monthly. The council has appointed SALC as Internal Auditor.
<i>Additional comments:</i>		

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 clear evidence that the budget for 2024/2025 was prepared in accordance with Standing Orders and Financial Regulations. The budget was approved by council The budget was adopted by council 15 th January 2024 The budget proposed receipts £24,490 The budget proposed expenditure £38,120
<i>Verify that the precept amount has been agreed in full Council and clearly minuted</i>	Yes	The precept for Horringer was set at £20,696 The precept for Ickworth was set at £ 304 The total precept requested from West Suffolk District Council was £21,000 and agreed at the meeting 15 th January 2024
<i>Regular reporting of expenditure and variances from budget</i>	Yes	Expenditure and variances are reported at all council meetings and authorised by council for payment in accordance with the Financial Regulations
<i>Reserves held – general and earmarked⁶</i>	Yes	The council has reserves of £54,100 There is Earmarked Reserves of £30,3771 for a number of identified projects
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	All income is recorded in accordance with Financial Regulations and reported to all council meetings.
Is income reported to full council?	Yes	Income is reported at all council meetings.
Does the precept recorded agree to the Council Tax Authority’s notification?	Yes	The precept of £21,000 agrees with the request to ESDC and is recorded in the cash book and entered correctly in Box 2 Section 2 – Accounting Statements 2024/2025
If appropriate, are CIL reporting schedules in accordance with the Regulations? ⁷	N/A	The council is not in receipt of CIL Payments
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
<i>Is petty cash in operation?</i>	<i>No</i>	The council does not operate 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 only has one employee at the end of the financial year 2024/2025 Employment contracts were not made available for Internal Audit The council has agreed the salary, All salary payments are presented to the council for approval and payment in line with the council's Financial Regulations and duly recorded. 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	There are suitable arrangements in place for the payment of salary. The payments are verified and authorised for payment in accordance with the Financial Regulations
<i>Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?</i>	Yes	The payroll function is carried out by the Suffolk Association of Local Councils. PAYE and NIC is calculated within HMRC guidelines and are paid to HMRC by the council.
<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 members of staff has opted into the pension scheme
<i>Have pension re-declaration duties been carried out</i>	Yes	The re-declaration was carried out 20 th May 2024
<i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i>	Yes	All payments and expenses are submitted to the full council for authorisation and payment in accordance with the council's Financial Regulations
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 maintains an up-to-date register of assets owned by the council. The value of assets is recorded as £135,600 The value of assets is included and itemised.
<i>Is the value of the assets included? (Note value for insurance purposes may differ)</i>	Yes	
<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 has no assets on third party property
<i>Is the asset register up to date and reviewed annually?</i>	Yes	The asset register is up to date and is reviewed annually
<i>Cross checking of insurance cover</i>	Yes	I have cross checked the insurance cover and I am satisfied that the insurance cover is adequate for the assets of the council
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 are carried out monthly and reconciled with the cash book
<i>Do bank balances agree with bank statements?</i>	Yes	<p>The balance at the bank</p> <ul style="list-style-type: none"> • Treasurers Account £29,240.74 • Deposit Account £30,77.61 <p>Total bank accounts £59,618.86 This balances with the cash book. The amount of £59,618 is correctly entered in Box 7/8 Section 2- Accounting Statements 2024/2025</p>
<i>Is there regular reporting of bank balances at Council meetings?</i>	Yes	Bank balances are reported at all council meetings, in accordance with Standing Orders and Financial Regulations

Section 11 – year end procedures		
Evidence		Internal auditor commentary
<i>Are appropriate accounting procedures used?</i>	Yes	Accounts are produced on a receipts and payments basis
<i>Financial trail from records to presented accounts</i>	Yes	Cross checking has demonstrated that there is a clear and transparent financial trail
<i>Has the appropriate end of year AGAR¹⁰ documents been completed?</i>	Yes	The appropriate AGAR documents have been completed correctly.
<i>Did the Council meet the exemption criteria and correctly declared itself exempt?</i>	N/A	
<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	<p>The council correctly demonstrated that as a small authority it correctly provided the exercise of public rights.</p> <ul style="list-style-type: none"> • Notice posted: 20th May 2024 • Commencing: Monday 3rd June 2024 • Ending: Friday 12th July 2024
<i>Have the publication requirements been met in accordance with the Regulations?¹¹</i>	Yes	<p>The publication requirements have been met in accordance with regulations.</p> <p>As a smaller authority with a gross income less than £200,000 the council has complied with the Accounts and Audit Regulations 2015.</p> <ul style="list-style-type: none"> • Notice of Period for the exercise of Public Rights • Section 1 - Annual Governance Statement AGAR • Section 2 - Accounting Statements • Annual Internal Audit Report • Section 3 - External Auditors Report .Certificate

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		<i>Internal auditor commentary</i>
<i>Has the Council considered the previous internal audit report?</i>	Yes	At the meeting 15 th July 2024 (minute 9) the council considered the Internal Audit Report. Members agreed that the Internal Audit Report was effective.
<i>Has appropriate action been taken regarding the recommendations raised?</i>	Yes	At the meeting 15 th July 2024 the council noted that an action plan had been put in place. <i>Comment: The Internal Audit Report 2023/2024 highlighted significant items that needed to be addressed. Cross checking has established that the council's proposed action plan has been very effective. The council has ensured that all relevant documents and policies are up to date and posted on the council's website. Issues around transparency have been partly addressed, work is in progress.</i>
<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 17 th March 2025 (minute 9), The council agreed to appoint the Association of Suffolk Local Councils for Internal Audit 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 Council considered the previous external audit report?¹²</i>	Yes	The council considered the External Auditors Report 16 th September 2024
<i>Has appropriate action been taken regarding the comments raised?</i>	Yes	The council noted the report, the comments would be addressed within the action plan. The External Auditor commented that the report had been amended.
<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 took place on Monday 20 th May 2024 Councillor Colin Knight was elected as Chair of the Council for the municipal year 2024/2025
<i>Is there evidence that Minutes are administered in accordance with legislation?</i> ¹⁴	Yes	The minutes are recorded in accordance with the council's Standing Orders and in accordance with the Local Government Act 1092 schedule 12 paragraphs 41 (1).
<i>Is there a list of members' interests held?</i>	Yes	The register of members interests are clearly 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 has no trustee responsibilities
<i>Has the Transparency Code been correctly applied, and information published in accordance with current legislation?</i>	Yes	<p>The council Transparency Code has been correctly applied. At the meeting of the council 17th March 2025 the council agreed a new Transparency Code the code was formally adopted as council policy 28th April 2025.</p> <p>The following is clearly displayed on the council's website.</p> <ul style="list-style-type: none"> • Standing Orders • Financial Regulations • List of Councillors and Interests • Year-end Accounts • Risk Assessments • Asset Register • Data Protection • GDPR Risk Assessment • Reserves Policy

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

<i>Has the Council registered with the Information Commissioner's Office (ICO)?¹⁵</i>	Yes	The council is correctly registered with the Information Office Registration number 2265L622 expires 18/04/2026
<i>Is the Council compliant with the General Data Protection Regulation requirements?</i>	Yes	The council is compliant with the GDPR requirements following the review of March 2025
<i>Has the Council published a website accessibility statement on their website in line with Regulations?¹⁶</i>	No	The council does not have a Website Accessibility Statement <i>Comment: The council is required to have a Website Accessibility Statement in accordance with the WCAG 2.1 Standard under Regulation 8 of the Public Sector Bodies (Websites and Mobile Applications) (No 2) Accessibility Regulations 2018</i>
<i>Does the council have official email addresses for correspondence?¹⁷</i>	Yes	All councillors have .gov.uk email addresses
<i>Is there evidence that electronic files are backed up?</i>	Yes	The Clerk ensures that all council's data is backed up
<i>Do terms of reference exist for all committees and is there evidence these are regularly reviewed?</i>	N/A	The council does not operate a committee system
Additional comments: <i>Following the Internal Report of 2023/2024, issues that were highlighted have been addressed, the minutes clearly show that the members of the council were fully engaged in the process. The council now has a greater understanding of recording and transparency.</i>		

Signed: Alan Melton

Date of Internal Audit Visit: 12th June 2025 Date of Internal Audit Report: 13th June 2025

On behalf of Suffolk Association of Local Councils

¹⁵ Data Protection Act 2018

¹⁶ Website Accessibility Regulations 2018

¹⁷ Practitioners Guide