

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

Clerk	Marie Backhouse
RFO (if different)	-
Chairperson	Councillor Paul Richards
Precept	£ 13,239
Income	£ 24,042
Expenditure	£ 27,035
General reserves	£20,050
Earmarked reserves	£31,300
Audit type	Audit for smaller authorities with an income of 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		<i>Internal auditor commentary</i>
<i>Is the ledger maintained and up to date?</i>	Yes	The council uses excel spreadsheets to produce reports using a receipts and payments method, and is used in accordance with proper practices and represent an accurate monitor of the council's finances
<i>Is the ledger on the correct basis in relation to the gross income/expenditure?</i>	Yes	The correct basis of receipts and expenditure. The gross income of the council is £24,042 The gross expenditure is £27,035
<i>Is the cash book up to date and regularly verified?</i>	Yes	The cash book is up-to-date and clearly shows demonstrates the clear and transparent accounting, the cash book includes: <ul style="list-style-type: none"> • Dates • Items • Payments • Credits • VAT • Precept • Grants • S137 • CIL
<i>Is the arithmetic, correct?</i>	Yes	Cross 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		<i>Internal auditor commentary</i>
Have Standing Orders been adopted, up to date and reviewed annually?	Yes	The Standing Orders were reviewed and adopted by the full council at the meeting 18 th March 2025 (item f)
Are Financial Regulations up to date and reviewed annually?	Yes	The financial Regulation were reviewed and adopted by full council 28 th May 2024 (item10c) <i>Comments: The council should be aware that NALC published an updated Model Financial Regulations March 2025.</i>
Has the Council properly tailored the Financial Regulations?	Yes	The council has tailored the Financial Regulations to reflect the needs and procedures of the council
Has the Council appointed a Responsible Financial Officer (RFO)? ¹	Yes	In accordance with the Local Government Act 1972 (d). The council has appointed the Clerk as Responsible Financial Officer. (RFO)
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	The Clerk has provided invoices for me to cross check and examine at Internal Audit. The invoices (paid accounts) are properly recorded and entered in the cash book for approval and authorisation for payment at all council meetings
Where applicable, are internet banking transactions properly recorded and approved?	Yes	The council uses internet banking and is operated in accordance with the council's Financial Regulations and proper practises.
Is VAT correctly identified, recorded, and claimed within time limits?	Yes	VAT is recorded correctly it is clearly identified, re-claim of VAT was made on 11 th December 2024 for the sum of £2,159.46 and entered in the cash book and reported to members.
Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly? ²	Yes	The council adopted the General Power of Competence 23 rd May 2023
Are payments under s.137 ³ separately recorded, minuted and is there evidence of direct benefit to electorate?	Yes	Although the council budgeted £1,000 for s137 There are no recorded s137 payments as the council uses its discretionary powers to make small grants

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	There is clear evidence and documentation that a thorough review of Risk Assessment has been carried out on 24 th September 2024
<i>Is there evidence that risks are being identified and managed?</i>	Yes	There is clear evidence that the risks are adequately managed and reviewed regularly,
<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	<p>The council has an insurance policy with Zurich Municipal, Policy Number: YLL2720929043. Expires 30th September 2025 The cover includes:</p> <ul style="list-style-type: none"> • Public Liability £12m • Employers Liability £10m • Fidelity Guarantee £250k • All Risks £58k <p>The council have followed the guidelines in ensuring that the year-end balance plus 50% have been adhered to.</p>
<i>Evidence that internal controls are documented and regularly reviewed⁴</i>	Yes	Internal controls are reviewed annually at the meeting 24 th September 2024 (item 8C)

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>	In accordance with the Accounts and Audit Regulations 2015, the council reviewed the scope of the Internal Controls. I can confirm that the controls are adequate and in accordance with current guidelines. The statement of Internal Control was adopted by council 24 th September 2024
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	A draft budget was prepared 28 th November 2023 for the sum of £12,666.80.
<i>Verify that the precept amount has been agreed in full Council and clearly minuted</i>	Yes	It was agreed that the precept to be requested from East Suffolk District Council to be £13,229 this was agreed by full council on 28 th November 2023 the requests formally submitted to East Suffolk District Council and paid in two instalments
<i>Regular reporting of expenditure and variances from budget</i>	Yes	Any variances from the budget are reported at all council meetings and approved by council for payment.
<i>Reserves held – general and earmarked⁶</i>	Yes	The reserves are clearly identified General Reserve £20,050 Earmarked Reserves £27,035 Including: <ul style="list-style-type: none"> Road Traffic Management £24,680
Additional comments:		

⁶ In accordance with proper practices, the generally accepted minimum level of a Smaller Authority's General Reserve is that this should be maintained at between three (3) and twelve (12) months of Net Revenue Expenditure

Section 6 – income controls		
The internal auditor will seek evidence to ensure income is correct managed – recorded, banked, and reported and test mechanisms used to achieve this.		
Evidence		Internal auditor commentary
<i>Is income properly recorded and promptly banked?</i>	Yes	Income is recorded in accordance with the councils Financial Regulations.
<i>Is income reported to full council?</i>	Yes	All income is reported to full council
<i>Does the precept recorded agree to the Council Tax Authority's notification?</i>	Yes	The precept is recorded and agrees with the council's request to East Suffolk District Council; it is recorded correctly in Section2 -Accounting Statements 2024/2025 (AGAR) Box 3
<i>If appropriate, are CIL reporting schedules in accordance with the Regulations?⁷</i>	Yes	The council received a CIL payment from East Suffolk District Council of £333.63
<i>Is CIL income reported to the council?</i>	Yes	The CIL income is reported to full council
<i>Does unspent CIL income form part of earmarked reserves?</i>	Yes	The council had a carry-over from 2023/2024 of £436.37 A balance of £894.00.
<i>Has an annual report been produced?</i>	Yes	The amount of £894.00 was spent on a new defibrillator, leaving a CIL balance of NIL
<i>Has it been published on the authority's website?</i>	Yes	
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 has one employee, the Clerk. The contract of employment was not made available for Internal Audit. The council agrees the salary and terms and conditions of the employee. The salary payments are presented to full council for approval and payments in accordance with the council's Financial Regulations The council does not pay minimum wage.
<i>Has the Council approved salary paid?</i>	Yes	
<i>Minimum wage paid?</i>	No	
<i>Are arrangements in place for authorising of the payroll and payments to the council? Does this include a verification process for agreeing rates of pay to be applied?</i>	Yes	There are suitable payroll arrangements in place, the council has demonstrated that all salary payments have complied with employer duties under legislation
<i>Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?</i>	Yes	The payroll is administered by Suffolk Association of Local Councils; all deductions and payments (PAYE and NIC) are made within the HMRC guidelines. I have cross checked the payslips and P60, all are in order
<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 and payments are paid with the pension provider guidelines.
<i>Have pension re-declaration duties been carried out</i>	Yes	The council re-declared on 7 th May 2025
<i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i>	Yes	All expenses are approved for payment by 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
<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 a full and comprehensive Asset Register; the Asset Register is reviewed annually the current valuation of assets is £104,990 There have been no major movements of values during 2024/2025. The council has continued to work within the Governance and Accountability for smaller authorities March 2022 on the variation of assets.
<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>	N/A	
<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 has recently been updated 25 th March 2025.
<i>Cross checking of insurance cover</i>	Yes	I have cross checked the insurance cover, I am satisfied that the council has adequate insurance cover.
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 on a regular basis, the bank reconciliations match the cash book reconciliation. Reconciliation reports are presented to council for report and approval
<i>Do bank balances agree with bank statements?</i>	Yes	Bank balances agree with bank reconciliation. The council reconciliation is £47,247.59 The bank balance is £47,247.59
<i>Is there regular reporting of bank balances at Council meetings?</i>	Yes	Bank reconciliations and balances are reported to all council meetings, and reported in the minutes. The report demonstrates transparency for council members and the community.

Section 11 – year end procedures		
Evidence		Internal auditor commentary
<i>Are appropriate accounting procedures used?</i>	Yes	The appropriate accounting procedures are used on a Receipts and Payments basis.
<i>Financial trail from records to presented accounts</i>	Yes	Checking has demonstrated that there is a full audit trail of all transactions
<i>Has the appropriate end of year AGAR¹⁰ documents been completed?</i>	Yes	The appropriate end of year documents is completed. The council has completed the Exemption Certificate on 28 th May 2025 As the council has an income of less than £25,000 the council is an exempt authority and has completed Part 2 AGAR
<i>Did the Council meet the exemption criteria and correctly declared itself exempt?</i>		The council has a gross income of £24,042 which is less than £25,000, the criteria for exemption
<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	In accordance with the Accounts and Audit Regulations 2015 the council correctly provided the exercise of public rights. <ul style="list-style-type: none"> • Notice published 18th June 2024 • Commencement Wednesday 19th June 2024 • Completion Friday 30th July 2024
<i>Have the publication requirements been met in accordance with the Regulations?¹¹</i>	Yes	The requirements of the regulations have been met.
Additional comments:		

¹⁰ Annual Governance & Accountability Return (AGAR)

¹¹ Accounts and Audit Regulations 2015

Section 12 – internal audit		
The internal auditor will revisit weaknesses and recommendations previously identified to see if these have been addressed. They will also check if any changes introduced require further verification to ensure effectiveness of the corrective action taken.		
Evidence		<i>Internal auditor commentary</i>
<i>Has the Council considered the previous internal audit report?</i>	Yes	At the council meeting 23 rd July 2024, the council considered the Internal Auditors Report (minute7c)
<i>Has appropriate action been taken regarding the recommendations raised?</i>	Yes	The council asked the RFO to review the report. Comment: The recommendations regarding minutes have been addressed, the staff salary and costs have been separated, the website is up-to-date.
<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 council meeting 28 th January 2024 (minute 7e) the Association of Suffolk Local Councils was appointed as Internal Auditor.
Additional comments:		

Section 13 – external audit for the period under review		
The internal auditor will revisit the external audit so that previous weaknesses and recommendations can be considered.		
Evidence		<i>Internal auditor commentary</i>
<i>Has the Council considered the previous external audit report?¹²</i>	<i>N/A</i>	The council is an exempt authority and is not subject to a limited assurance review.
<i>Has appropriate action been taken regarding the comments raised?</i>	<i>N/A</i>	
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 annual meeting of the council was held on 28 th May 2024 Councillor Paul Richards 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 administered in accordance with legislation.
<i>Is there a list of members' interests held?</i>	Yes	There is a direct link to East Suffolk District Council
<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	The council has an income of less than £200,000 and is aware of the transparency Code. The following are published on the council's website: <ul style="list-style-type: none"> • Standing Orders • Financial Regulations • List of Councillors • Year-end accounts • Risk Assessments • Asset Register • Data Protection Policy
<i>Has the Council registered with the Information Commissioner's Office (ICO)?</i> ¹⁵	Yes	The council has registered with the Information commissioner's Office ZA313927 expires 4 th April 2026
<i>Is the Council compliant with the General Data Protection Regulation requirements?</i>	Yes	The council is compliant with the General Data Protection Regulation. There is a complete statement 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

¹⁵ Data Protection Act 2018

<i>Has the Council published a website accessibility statement on their website in line with Regulations?¹⁶</i>	Yes	The council has published an Accessibility Statement is on the council's website. The council is aware of the methods evaluating the website detailing technical information in accordance with 2.1 (2) Accessibility Regulations 2018 Standard under Regulation 8 of the Public Sector Bodies (Website and Mobile Applications)
<i>Does the council have official email addresses for correspondence?¹⁷</i>	Yes	The council Clerk has a direct email address which is linked to the council's website. <i>Comment: The council does not use .gov.uk email addresses for the Clerk or Councillors.</i> <i>Although not mandatory, .gov.uk addresses are specifically used for governmental organisations and provide a secure online identity.</i>
<i>Is there evidence that electronic files are backed up?</i>	Yes	Electronic files are backed up the Clerk.
<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 formal committee system
Additional comments:		

Signed: Alan Melton

Date of Internal Audit Visit: 2nd June 2025

Date of Internal Audit Report: 4th June 2025

On behalf of Suffolk Association of Local Councils

¹⁶ Website Accessibility Regulations 2018

¹⁷ Practitioners Guide