

## Internal Audit Report for RED LODGE Parish Council

### for the year ending 31 March 2025

Clerk	Shazia Shujah
RFO (if different)	-
Chairperson	Councillor Sandra Dawn
Precept	£ 225,650
Income	£ 293,003
Expenditure	£ 212,269
General reserves	£ 199,028
Earmarked reserves	£ 230,781
Audit type	Annual – non-exempt authority
Auditor name	<b>Victoria Waples</b>

### 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

<b>Section 1 – proper bookkeeping</b> 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.		
<b>Evidence</b>		<i>Internal auditor commentary</i>
<i>Is the ledger maintained and up to date?</i>	Yes	The council continues with it's of the Rialtas Financial Software accounting package which produces a suite of tools to allow for reporting on an Income and Expenditure basis. As has previously been stated, the accounting procedure used by the RFO gives a more accurate presentation of the authority's true financial position by ensuring that there is detailed focus on the balance of economic benefits under the council's control, rather than just its bank balance. The financial software used by the Council allows the automation of many of its transactions involving income and expenditure and employee payroll, as well as reports and financial statements.
<i>Is the ledger on the correct basis in relation to the gross income/expenditure?</i>	Yes	Council operates on an Income and Expenditure accounting processes and understands that the accounting statements will include all of the transactions for the year where the council has received economic benefits or given other economic benefits irrespective of the year in which they are paid.
<i>Is the cash book up to date and regularly verified?</i>	Yes	The cashbook is reconciled on a monthly basis, regularly verified against bank statements and contains entries from day to day of all sums of money received and expended by the council along with matters to which the income and expenditure relates.
<i>Is the arithmetic correct?</i>	Yes	Spot checks were made and were found to be correct. In accordance with good practice, the accounting records also contain a record of income and expenditure in relation to claims made for contribution, grant or subsidies from a government department or other public body.

<b>Section 2 – Financial Regulation and Standing Orders</b> 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.		
<b>Evidence</b>		<i>Internal auditor commentary</i>
Have Standing Orders been adopted, up to date and reviewed annually?	Yes	Council's Standing Orders were reviewed and adopted at a meeting of 28 <sup>th</sup> May 2024 and are based on the latest model published by the National Association of Local Councils (2022) with appropriate amendments. <i>Comment: at the next annual review, Council might wish to note that NALC have updated Model Standing Order (England) section 18 to comply with new procurement legislation and ensure consistency with our Model Financial Regulations. The changes are to 18.a.v, 18.c, 18.d, and 18.f. NALC have also updated Model Standing Order (England ) section 14 to better reflect Code of Conduct requirements. 14.a, 14.b, and 14.c have been removed. NALC have also changed the language in the document to gender-neutral terms to align with their policy and the Civility and Respect Project.</i>
Are Financial Regulations up to date and reviewed annually?	Yes	Council's Financial Regulations were reviewed at a full council meeting of 25 <sup>th</sup> March 2025. The reviewed regulations are based on those produced by NALC in March of this year and relate to changes necessitated by the Procurement Act 2023.
Has the Council properly tailored the Financial Regulations?	Yes	The Council's Financial Regulations have been tailored to the Parish Council.
Has the Council appointed a Responsible Financial Officer (RFO)? <sup>1</sup>	Yes	The Council, in accordance with proper practices and with reference to section 151 of the Local Government Act 1972, has employed a Responsible Financial Officer (RFO) who is responsible for the financial administration of the authority. Council's Financial Regulation 1.5 confirms that the clerk is so appointed.
<b>Additional comments:</b>		

<sup>1</sup> 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	In accordance with its own Financial Regulations covering Banking and payments, expenditure is presented to council on a monthly basis for review and authorisation for payment is made by resolution. Council has ensured that, for the settlement of its invoices by the BACS system, and in accordance with Financial Regulation 7.1, there is a two-tier authorisation system which ensures that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories. A review of the procedures followed for receipt of invoices, agreement of invoice detail and confirmation of goods or services delivery along with approval for payments was undertaken on a sample of individual payments. In the actions undertaken in committing the council's resources, Council is operating within Financial Regulations 7.1 through to 7.12. <i>Comment: with reference to council's own Financial Regulation 6.7 payments made in relation to a continuing contract or obligation (which have been authorised in advance) are reported to the next appropriate meeting of the council for information only.</i>
Where applicable, are internet banking transactions properly recorded and approved?	Yes	Council continues with its procedure, in accordance with Council's Financial Regulation 7.1, of retaining a two-tier security system for payments which are settled by the BACS system. In the case of BACS payments, the RFO may set up transactions online for approval in advance, once the Council approves the accounts for payment, two bank signatories shall authorise the transactions online using their own unique ID. The system ensures that two authorised bank signatories sign the instructions for each payment.

		<p><i>Comment: the system in place not only protects the RFO and fulfils an internal control objective to ensure the safeguarding of public money, but it also allows the council to have in place specific control procedures for payments by bank transfer or other electronic means and a process and mitigating action to protect the council against payment of invoices which may show fraudulent bank account details.</i></p> <p>Council is aware that Financial Regulation 7.10 states that the approval of the use of BACS or CHAPS shall be renewed by resolution of the council at least every two years. At the meeting of 28<sup>th</sup> May 2024 council resolved to approve the continued use of the BACS system. In a similar vein, council approved, in accordance with Financial Regulation 7.9 the use of variable direct debit for the settlement of regular payments.</p>
Is VAT correctly identified, recorded, and claimed within time limits?	Yes	<p>VAT is identified in the cash book and reclaimed on an quarterly basis. The VAT Assessment File as produced by the accounting package operated by the RFO was reviewed and verified. The year-end recoverable VAT figure of £2,298 was seen and interrogated and reflects that which is shown on the Balance Sheet, as submitted.</p> <p>It is confirmed that the VAT reclaims for the period covering 1<sup>st</sup> February 2024 to 31<sup>st</sup> January 2025 in the sum of £ 12,855.79 were settled during the year under review.</p> <p>The Internal Auditor undertook sample tests to ensure that the VAT element within payments is being clearly identified and appropriately accounted for within the accounting system. For the period under review, the Finance Officer has ensured that VAT has been appropriately identified in relation and correctly coded according to the council's business and non-business activities within the financial records of the software used thereby confirming that robust arrangements are in place for managing its responsibilities regarding VAT.</p> <p><i>Comment: for the year 2024-2025 VAT has been appropriately identified in relation and correctly coded according to the Council's business and non-business activities within the financial records of the software used by council and the Council has robust arrangements in place for managing its responsibilities regarding VAT.</i></p>

Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly? <sup>2</sup>	Yes	Council, having declared that it fulfilled the eligibility criteria to use the general power of competence (at least two-thirds elected members and a qualified Clerk (CiLCA or higher)), resolved at the meeting of 16 <sup>th</sup> May 2023, to use the power until the next relevant Annual Council Meeting (May 2027). Council continues to ensure that the Grant Scheme offered by the Council has clear evidence supporting requests and payments made.
Are payments under s.137 <sup>3</sup> separately recorded, minuted and is there evidence of direct benefit to electorate?	N/A	Council uses the discretionary power to do anything that an individual can do unless specifically prohibited by law.
Where applicable, are payments of interest and principal sums in respect of loans paid in accordance with agreements?	N/A	The council has no such loans.
<b>Additional comments:</b>		

<b>Section 4 – Risk management</b> 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	At the meeting of 28 <sup>th</sup> May 2024, full council formally reviewed and approved its Risk Management Documents and Procedures for the year 2024 – 2025. Council is aware that its risk assessment needs to focus on the safety of the parish council's assets and in particular its money, and that it needs to demonstrate on an annual basis that it has taken actions to identify and assess those risks and that it has considered what actions or decisions it

<sup>2</sup> Localism Act

<sup>3</sup> 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.



		<p>needs to take during the year to manage in order to avoid financial or reputational consequences.</p> <p><i>Comment: council has ensured that it has annually reviewed the risks associated with the functioning of a smaller relevant body and that it has ensured that measures are fully utilised throughout the year to provide assurance to members that there is a robust system in place which is effective and adequate for preventing members from approving or authorising fund transfers that are not supported by appropriate documentation.</i></p>
Is there evidence that risks are being identified and managed?	Yes	<p>A review of the Council's financial risk assessment documentation shows that there are in place specific control procedures for payments made by direct bank transfer, which, if reviewed on a regular basis, will provide reassurance that the Council has taken steps to identify, assess and record risks associated with actions and decisions it has taken or considered taking during the year that could have financial or reputational consequences. Council has shown best practice by ensuring that it conducts control and compliance tests of the systems in operation by a non-signatory, thereby separating the roles of overview from that of authorisation. Appropriate mitigation measures are in place to address the risks associated with the management of public finances.</p> <p><i>Comment: Council has noted that in accordance with Regulation 6 of the Accounts and Audit Regulations 2015, it should conduct a formal review of its system of internal control and should have in place monitoring documents which would identify the risks involved with and the potential for improvements to its arrangements to protect public money.</i></p>
Does the Council have appropriate and adequate insurance cover in place for employment, public liability and fidelity guarantee <b>and</b> has been reviewed on an annual basis?	Yes	<p>During the period under review, council had insurance in place under a Local Councils policy with Clear Council which shows core cover for the following: Public liability: £10million; Employers Liability: £10million; Hirers' Liability £2million and Fidelity Guarantee of £750thousand. Premise cover is identified on a number of properties in the ownership / remit of the council for insurance purposes. Motor Insurance for the council owned and operated vehicles is in place with MS Amlin under a Countrywise Insurance Policy.</p> <p><i>Comment: it is confirmed that council followed guidance which recommends that the Fidelity Cover is sufficient to provide cover that was equal to at least the sum of the year-end balances plus 50% of the precept/grants to be</i></p>



		<p><i>received in the following April/May thereby reducing the council's exposure to the risks associated with the handling of money, securities and property. During the year, being aware that it is the responsibility of the Council as a whole to satisfy itself that insurances are adequate and that all steps have been taken to mitigate and manage identified risks with appropriate insurance, annual reviews of the council's insurance were undertaken prior to renewal. From paperwork seen, council is able to demonstrate that it has reviewed the risks facing the council in transacting its business and has taken out appropriate insurance to manage and reduce the risks relating to property, cash and legal liability (amongst other things), and has satisfied itself that there are no materials facts which might influence the acceptance or assessment of the risks covered by the policy.</i></p>
<p><i>Evidence that internal controls are documented and regularly reviewed<sup>4</sup></i></p>	Yes	<p>Confirming that the council is operating within its own internal control, formal evidence (via a minute reference) was given at the meeting of full council on 28<sup>th</sup> January 2025 that council had formally reviewed the effectiveness of its review as outlined in its Statement of Internal Control for the year ending 31<sup>st</sup> March 2025. It was further reported at the meeting of 25<sup>th</sup> March 2025, that the councillor appointed in May 2024, had completed a series of internal control tests and there were no matters reported as being of concern.</p> <p><i>Comment: in accordance with Regulation 6 of the Accounts and Audit Regulations 2015, council has understood the requirement to undertake a formal review of its internal controls to enable it to demonstrate that it has taken steps to identify, assess and record the control mechanisms in place to ensure that all reasonable steps are taken to safeguard and protect public finances.</i></p>
<p><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 appointment<sup>5</sup></i></p>	Yes	<p>In accordance with the Accounts and Audit Regulations 2015, the council formally reviewed the scope and effectiveness of its internal audit arrangements, as well as the competence and independence of those conducting the internal audit review.</p> <p><i>Comment: the review of the terms of reference and effectiveness of internal audit are demonstration that Council has understood that the role of internal</i></p>

<sup>4</sup> Accounts and Audit Regulations

<sup>5</sup> Practitioners Guide

		<i>audit is to evaluate and report on the adequacy of the system on internal control.</i>
<b><i>Additional comments:</i></b>		

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	<p>The budget for the year 2024 - 2025 was approved at the council meeting of 28<sup>th</sup> November 2023, with the minutes demonstrating that the council resolved to adopt the draft budget of £225,650 for the financial year 2024-2025.</p> <p>The budget for the year 2025 - 2026 was approved at the Council meeting of 26<sup>th</sup> November 2024 with council accepting the recommendation from the Resources Committee to adopt the draft balanced budget of £254,900.</p> <p><i>Comment: in accordance with proper practices, council should seek to evidence, within the minutes, the actual budget being set alongside the reasoning for such a budget thereby ensuring transparency in the budgetary process followed by the council.</i></p>
Verify that the precept amount has been agreed in full Council and clearly minuted	Yes	<p>The precept for the year 2024 – 2025 was discussed and approved at the meeting of 28<sup>th</sup> November 2023 with the minutes demonstrating that council resolved to set the precept at £225,650 for 2024-2025 which would be a 9.99% increase to the 2023-2024 precept to meet necessary expenditure and level of reserves. The minutes state that this would equate to a Band D Council Tax of £121.68 which would be an increase of £11.07 per annum when compared to that for 2022-2023.</p> <p>The precept for the year 2025 – 2026 was set at the meeting of 26<sup>th</sup> November 2024 with the minutes confirming that the council would set the precept at £254,990. The minutes demonstrate that this would equate to a 9.54% increase on a Band D Council Tax and was needed to meet necessary expenditure and maintain the level of reserves. The cost to a Band D property would be £133.49 per annum which would be an increase of £11.63 per annum compared with the previous financial year.</p>
Regular reporting of expenditure and variances from budget	Yes	The minutes evidence that the council conducted reviews covering the budgets for the current year with a review of income and expenditure against budget at relevant periods throughout the year. Monitoring statements

		<p>produced include breakdown of all receipts and payments balance against the bank.</p> <p><i>Comment: Council in accordance with its own standing order 17c produces regular statements showing evidence of comparisons between budgeted and actual income and expenditure to form the basis of approval for virements in accordance with council's own Standing Orders and Terms of Reference.</i></p>
Reserves held – general and earmarked <sup>6</sup>	Yes	<p>The Council, as at year-end, had Earmarked Reserves totalling £230,781 and General Reserves of £199,028</p> <p>Council has, within its own Reserve Policy, (as reviewed and adopted by Council at its meeting in May 2024 for the year 2024-2025) set a limit to be held for its general reserve and is aware that this will be subject to further reviews to include cash flow requirements, inflationary and interest rates, diversification of funds to spread risk and optimize interest returns. The adopted policy states that the parish council the current level of General Reserves to be held by the council should be set at equal to between three and six months of predicted expenditure.</p> <p><i>Comment: Council has noted guidance, as issued by Proper Practices (March 2024), which states that it is regarded as acceptable for a council's general (non-earmarked revenue) reserves to be maintained at between three and twelve months of Net Revenue Expenditure and that it should ensure that the level of general reserves adopted is in accordance with its general reserve policy. It is still generally held that councils with income and expenditure in excess of £200,000 should plan towards three months equivalent general reserve and that those councils with self-generated income, should take into account situations that may lead to a loss of revenue as well as increased costs.</i></p> <p>Whilst there is no upper or lower limit to EMRs, save only that they must be held for genuine and identifiable purposes and projects, council has ensured that the levels set are subject to regular review and justification (at least annually and at budget setting) and that they are separately identified and enumerated.</p>

<sup>6</sup> 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

***Additional comments:***

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	<p>During the year under review, Council received income from a number of identified sources all of which was banked intact with the transactions identified within the accounting system operated by the RFO.</p> <p>In accordance with Financial Regulation 13.2, Council understands that it should review all fees and charges annually, with increases as deemed appropriate. Full council, at its meeting of 24<sup>th</sup> September 2024 approved revised fees to hire the facilities at the Sports Pavilion.</p> <p><i>Comment: council is aware that fee reviews are essential to ensure that the council's income module remains competitive as well as ensuring profitability is maintained. This will ensure that the council's revenue streams are fully optimized allowing for adjustments where necessary.</i></p> <p>A sample review of the control fees for the above was undertaken during the internal audit visit and all expected income was found to be based on the correct price, properly recorded and promptly banked with VAT (where appropriate) accounted for.</p> <p><i>Comment: in accordance with proper practices, Council has ensured that there are appropriate control procedures in place along with documentation to provide a clear audit trail through to invoicing and recovery of all such income.</i></p> <p>Further spot checks during the internal audit visit on further items paid under BACS / Direct Credit into the Council's Accounts were cross checked against cashbook, bank statements and invoices raised by the Council.</p>
Is income reported to full council?	Yes	<p>A review of the financial transaction reports was undertaken to ensure income was coded to the appropriate nominal income code and all were found to be in order with appropriate control procedures and documentation to provide a clear underlying audit trail through to invoicing and recovery of all such income.</p>

		<i>Comment: Council is aware that Proper Guidance states that uncollectible amounts, including bad debts, should only be written off with the approval of members, or under delegated authority by the Responsible Financial Officer and that such approval should be shown in the accounting records.</i>
<i>Does the precept recorded agree to the Council Tax Authority's notification?</i>	Yes	Council received precept in the sum of £225,650 from West Suffolk Council for the period under review in April 2024 as reported within the Income and Expenditure Reports for the month of April. Evidence was provided showing a full audit trail from Precept being discussed and approved to being served on the Charging Authority to remittance advice showing the Precept to be paid and receipt of same in the Council's Bank Account.
<i>If appropriate, are CIL reporting schedules in accordance with the Regulations?<sup>7</sup></i>	N/A	Council is located in West Suffolk which does not operate CIL.
<i>Is CIL income reported to the council?</i>	N/A	
<i>Does unspent CIL income form part of earmarked reserves?</i>	N/A	
<i>Has an annual report been produced?</i>	N/A	
<i>Has it been published on the authority's website?</i>	N/A	
<b>Additional comments:</b>		

<sup>7</sup> 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>	Yes	Petty cash is operated and managed in accordance with Council's own Financial Regulation 10.1. All petty cash payments are supported by receipts and are entered into the petty cash book. Petty cash reconciliations are conducted on a regular basis with sufficient funds to allow the float to be adequately maintained. A spot check of items recorded in the cash book were checked against receipts and cash book sheets and found to be in order. The petty cash funds are kept in a locked drawer. <i>Comment: in accordance with proper practices, the petty cash float is adequate in size to meet small items of expenditure.</i>
<i>If appropriate, is there an adequate control system in place?</i>	Yes	Adequate records of the receipts and payments have been maintained for each float, including a VAT analysis, and regular reconciliations are performed. The RFO has ensured that the petty cash system is operated in accordance with FR 10.1 a) & c) for the purpose of defraying operational and other expenses.
<b>Additional comments:</b>		

<b>Section 8 – Payroll controls</b>		
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.		
<b>Evidence</b>		<b>Internal auditor commentary</b>
<i>Do all employees have contracts of employment?</i>	Yes	Council had 5 employees on its payroll at the period end of 31 <sup>st</sup> March 2025. Employment contracts were not reviewed during the internal audit visit for the year ending 31 <sup>st</sup> March 2025, but the Clerk has confirmed that all staff have an employment contract.
<i>Has the Council approved salary paid?</i>	Yes	Council ensures that there are suitable payroll arrangements in place which ensures the accuracy and legitimacy of payments of salaries and wages, and associated liabilities and as such the council has complied with its duties under legislation.
<i>Minimum wage paid?</i>	Yes	Two members of staff are paid the minimum wage.
<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 which ensures the accuracy and legitimacy of payments of salaries and wages, and associated liabilities and as such the council has complied with its duties under legislation.
<i>Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?</i>	Yes	The payroll function for the year under review is operated in accordance with HM Revenue and Customs guidelines and outsourced. Cross-checks were completed on payments covering salary and PAYE were found to be in order. Deductions paid to HM Revenue and Customs during the year under review were made in accordance with timescales as set out in the regulations.
<i>Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?<sup>8</sup></i>	Yes	Council is aware of its pension responsibilities and payments are made in accordance with timescales agreed with the council's Pension Providers. Two members of staff are enrolled into the council provided pension scheme.
<i>Have pension re-declaration duties been carried out</i>	Yes	Council's re-declaration of compliance with regards to re-enrolment was confirmed as having been undertaken on 6 <sup>th</sup> April 2022 as reported to full council at its meeting of 28 <sup>th</sup> April 2023.

<sup>8</sup> The Pension Regulator – [website click here](#)

Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?	Yes	There is a satisfactory expense system in place and all staff expenses claimed are approved in accordance with Council's Financial Regulations.
Comment:		

## 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?<sup>9</sup></i>	Yes	The Asset Register is held on a computerised system and covers those items listed under insurance and within the parish council's remit for maintenance and ownership. Council's asset policy defines fixed assets as items of machinery and equipment which have a useful life of more than one year. The Asset Register currently stands at £284,447 and shows overall movement to that declared at the year-end of 31 <sup>st</sup> March 2024 (£278,343) taking into account acquisitions and disposals during the year under review. The Internal Auditor reviewed the Asset Register to allow the spot check to be conducted.
<i>Is the value of the assets included? (Note value for insurance purposes may differ)</i>	Yes	The RFO has ensured that the council has a formal asset register which is routinely updated to record new assets at historic cost price, net of VAT along with removal of any assets disposed of / no longer serviceable. Where assets have been gifted or where there is no known value, assets have been given the proxy value of £1. This value has also been applied to community assets, which, in accordance with guidance, are treated in the same manner as gifted assets. <i>Comment: This current valuation for assets commonly known as community assets is in line with requirements for smaller authorities to record each asset at its original purchase cost or where the original purchase cost is unknown at the time of first recording on the asset register, a current value is recorded, which acts as a proxy value to the original cost and will remain unchanged until disposal.</i>
<i>Are records of deeds, articles, land registry title number available?</i>	N/A	Records of deeds, articles, land registry title number were not reviewed during the internal audit review.

<sup>9</sup> Practitioners Guide

<i>Are copies of licences or leases available for assets sited at third party property?</i>	<i>N/A</i>	Council has declared that it does not have any assets located on third party property.
<i>Is the asset register up to date and reviewed annually?</i>	<i>Yes</i>	The asset register was signed off by the council at its meeting of 25 <sup>th</sup> March 2025 and it is confirmed that the values on the Asset Register seen on the website equal that detailed at Line 9 on the DRAFT Accounting Statements of the AGAR. The council continues to use the preferred value for exiting assets as the original acquisition cost and has ensured that the fixed asset value for any individual item will not usually be altered from year to year (unless a material enhancement has taken place). As such the change in the total value for fixed assets (in box 9 of the Council's accounting statements) indicates the acquisition of new assets of significance.
<i>Cross checking of insurance cover</i>	<i>Yes</i>	The Asset Register was reviewed during the Internal Audit Visit and a spot check of assets against the insurance schedule was undertaken to ensure that all assets are recorded appropriately and under insurance. Council has insurance under all risks cover for its assets as specified under the headings on the insurance schedule including furniture, fixtures and fittings at four premises listed on the insurance schedule.
<b><i>Additional comments:</i></b>		

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	<p>Bank reconciliations are completed on a regular basis and reconcile with the cash sheets. Overall there is regular reporting of bank balances within the detailed financial reports submitted to both full council and the Finance and Governance Committee.</p> <p>A review of sample of transactions from the cashbooks from the months of April 2024 to March 2025 across the accounts held by the council was undertaken to verify the detail held within the cashbooks to that shown on the bank statement. There were no matters arising from the review which suggested that there were errors in the entries and there was no identification of signs of fraud or duplicate entries (for which explanations or corrections were not forthcoming)..</p>
<i>Do bank balances agree with bank statements?</i>	Yes	<p>Bank balances as of 31<sup>st</sup> March 2025 agree with the year-end bank statements and at year end stood at £429,743.04 across all accounts held in the council's name.</p> <p>Council has adopted and annually reviews its Investment Policy &amp; Strategy. The adopted policy reflects the statutory guidance on Local Government Investments (3rd Edition) issued under Section 15(1)(a) of the Local Government Act 2003. The Finance Working Party in January 2025 reviewed the council's portfolio noting that, in accordance with proper practices it is required to ensure that it has assessed the counterparty and must satisfy itself that any sums invested are not subject to unreasonable risk.</p> <p><b>Recommendation: whilst there is prudence in ensuring that protection of the investment is more important than the investment return, council should seek to protect its financial assets and reduce the risks involved in holding sum with one bank and look to the placing of funds within a range of accounts to secure maximum protection under the Financial Services Compensation Scheme.</b></p>

<p><i>Is there regular reporting of bank balances at Council meetings?</i></p>	<p>Yes</p>	<p>Overall there is regular reporting of bank balances within the detailed financial reports submitted to the council. Council continues with the system whereby the monthly reconciled bank accounts are presented to the council appointed Internal Controller ensuring that there is access to not only the reconciliation of the cash book to bank statements but also the underlying background evidence upon which the reconciliation is based.</p> <p><i>Comment: Approval of the bank reconciliation by the authority or an authority nominee is not only good practice but is also a safeguard for the Responsible Financial Officer and fulfils one of the authority's internal control objectives.</i></p>
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Section 11 – year end procedures		
Evidence		Internal auditor commentary
Are appropriate accounting procedures used?	Yes	The Internal Auditor confirms that, having reviewed the year-end files, there is a full underlying financial trail from financial records to the accounts produced.
Financial trail from records to presented accounts	Yes	<p>The RFO has ensured that the Council's accounting software contains and records details on its assets and liabilities including the asset and investment register and other debts. The accuracy of the year-end bank reconciliation detail is verified along with the correct disclosure of the combined cash and bank balances in the AGAR, section 2, line 8.</p> <p>Year-end balances agree with cash book and bank reconciliations:</p> <p>Debtors: £2,298  Prepayments £875  VAT Account: £2,390  Cash in hand: £429,593  Bat float: £150  Bar stock: £981  Creditors (Liability): £3,299  Accruals (Liability): £2,067  Receipts in advance (Liability): £1,112  Represented by:  Total Reserves: £429,809</p>
Has the appropriate end of year AGAR <sup>10</sup> documents been completed?	Yes	<p>As Council is a smaller authority with gross income and expenditure exceeding £25,000 it will be required to complete Part 3 of the AGAR. Section 2 - Accounting Statements of the AGAR were completed and signed by the RFO at the time of Internal Audit.</p> <p>It should be noted that given its level of income, the Council meets the requirement for an intermediate level review. Details of the additional</p>

<sup>10</sup> Annual Governance & Accountability Return (AGAR)

		submission requirements for those meeting this level of review can be found within the <a href="#">Detailed Instructions Update</a> for the year ending 31 <sup>st</sup> March 2025.
<i>Did the Council meet the exemption criteria and correctly declared itself exempt?</i>	N/A	As the Council was a smaller authority with gross income and expenditure exceeding £25,000 during the year 2023-2024, it was not able to certify itself as an exempt authority.
<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>	No	The internal auditor is able to confirm that the notice of the public rights was seen on the website and can confirm that the dates set were 3 <sup>rd</sup> June to 12 <sup>th</sup> July 2024 with the form dated 2 <sup>nd</sup> June 2024. <i>Comment: Within the Annual Internal Audit Report, internal control objective test M requires the internal auditor to establish whether the parish council correctly provided for the exercise and published a copy of the required "Public Notice" by ensuring that it clearly identified the statutory 30 working day period when the Authority's records are available for public inspection.</i>
<i>Have the publication requirements been met in accordance with the Regulations?<sup>11</sup></i>	Yes	The Internal Auditor is able to confirm that the Council has complied with the requirements of the Accounts and Audit Regulations 2015 for smaller authorities with income and expenditure exceeding £25,000 and published the following for the year 2023/24 on a public website: Section 1 – Annual Governance Statement of the AGAR Section 2 – Accounting Statements of the AGAR Section 3 – The External Auditor Report and Certificate Notice of the period for the exercise of public rights and other information required by Regulation 15 (2), Accounts and Audit Regulations 2015. Notice of Conclusion of Audit Section 3 – External Auditor Report and Certificate Sections 1 and 2 of the AGAR as audited.
<b>Additional comments:</b>		

<sup>11</sup> Accounts and Audit Regulations 2015

<b>Section 12 – internal audit</b>		
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.		
<b>Evidence</b>		<i>Internal auditor commentary</i>
<i>Has the Council considered the previous internal audit report?</i>	Yes	The Internal Audit Report for the year ending 31 <sup>st</sup> March 2024 was considered and adopted at a meeting of full Council on 28 <sup>th</sup> May 2024.
<i>Has appropriate action been taken regarding the recommendations raised?</i>	N/A	There were no matters raised that required the completion of a separate audit plan.
<i>Has the Council confirmed the appointment of an internal auditor?</i>	Yes	At the meeting of 28 <sup>th</sup> May 2024, full council, having reviewed the effectiveness of its internal audit arrangements with full regard to the statutory requirements for internal audit in terms of size, scope and current financial arrangements, resolved to appoint SALC as its internal auditor for the year 2024-25 on the basis of Section 4 of the Accountability and Governance Practitioner's Guide 2024.
<i>Has the letter of engagement been approved by full council?</i>	Yes	The letter of engagement was signed and dated 3 <sup>rd</sup> March 2025. <i>Comment: by approving the letter of engagement, Council will be following Proper Practices by ensuring it has clarity on the provision of internal audit including the roles and responsibilities, audit planning and timing of visits, reporting requirements, rights to access to information, members and officers, period of engagement and remuneration.</i>
<b>Additional comments:</b>		

<b>Section 13 – external audit for the period under review</b>		
The internal auditor will revisit the external audit so that previous weaknesses and recommendations can be considered.		
<b>Evidence</b>		<i>Internal auditor commentary</i>
<i>Has the Council considered the previous external audit report?<sup>12</sup></i>	Yes	The External Audit Report and Certificate for the year ending 31 <sup>st</sup> March 2024 was submitted to and considered by Full Council with formal adoption at the meeting of 24 <sup>th</sup> September 2024.
<i>Has appropriate action been taken regarding the comments raised?</i>	N/A	The report from the external auditors details a certification which was completed with no exceptions. There were no matters raised which need to be brought to the attention of the authority.
<p><b>Additional comments:</b> The Internal Auditor is able to verify that the external auditor report and certificate along with the conclusion of the external audit have been published on the Council's website in accordance with the prescribed timescales. Details as to how copies may be purchased have also been included.</p> <p><i>Comment: Council has noted Regulation 16 and 20 (in part) which states that the annual audit letter received from the auditor must be considered by the authority and published (including publication on the authority's website) and to permit copies to be purchased.</i></p>		

<sup>12</sup> 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.*

<b>Section 14 – additional information</b>		
The internal auditor will look for additional evidence of good record keeping, compliance with data protection regulations, freedom of information and website accessibility regulations.		
<b>Evidence</b>		<i>Internal auditor commentary</i>
<i>Was the annual meeting held in accordance with legislation?</i> <sup>13</sup>	Yes	Council held a meeting of the council on 28 <sup>th</sup> May 2024 at which the Chair was elected for the civic year. <i>Comment: Council is aware that Section 15 of LGA Act 1972, requires local councils to appoint a Chair (Mayor) as the first business to be transacted at the Annual Council Meeting which is to be held in May.</i>
<i>Is there evidence that Minutes are administered in accordance with legislation?</i> <sup>14</sup>	Yes	Council is aware that that under LGA 1972 schedule 12, paragraphs 41(1) and 44 the draft minutes of a meeting should be formally approved (with any necessary amendments) at the next meeting. At each meeting, the Chair is given formal approval to sign the minutes.
<i>Is there a list of members' interests held?</i>	Yes	Evidence was seen on the borough council's website of the Register of Interests for all current parish councillors. There is a direct link from the parish council website. <i>Comment: Council has followed guidance under the Openness and Transparency on personal interests – a guide for Councillors – August 2012 -which recommends that where a parish council has their own website, its register of interests must be published on that website. A direct link from the council's website to the District's satisfies the guidance issued.</i>
<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	Council is working towards showing compliancy with the minimum datasets that should be published on a quarterly basis as per the requirements as set out in the Local Government Transparency Code (2015), with a range of documents relating to the current year being able to view on the Council's website.

<sup>13</sup> The Local Government Act 1972 Schedule 12, paragraph 7 (2) and Schedule 15 (2)

<sup>14</sup> Public Bodies (Admission to Meetings) Act 1960, Local Government Act 1972, and the Localism Act 2011

		<p>For Red Lodge Parish Council, the transparency code requirements will include the publication of quarterly reporting of spending transactions valued over £500; quarterly reporting of invitation to tender for contracts over £5,000; quarterly publication of details of every transaction on a government procurement card; the annual reporting of organisational charts; annual reporting of all grants made to voluntary, community and social enterprise organisations and the annual reporting of the location of public land and assets.</p> <p><i>Comment: Appendix A of the Local Government Transparency Code 2015 (published February 2015) provides further details of all information to be published along with relevant timescales. Council is advised to review the provisions of the code and seek compliance with the publication requirements.</i></p> <p><i>A link to the guide can be found at: <a href="#">Transparency Code 2015</a></i></p>
Has the Council registered with the Information Commissioner's Office (ICO)? <sup>15</sup>	Yes	<p>The Council is correctly registered with the Information Commissioner's Office (ICO) as a Data Controller in accordance with the Data Protection Legislation.</p> <p>The Freedom of Information Act requires every public authority to have a publication scheme, approved by the Information Commissioner's Office (ICO), and to publish information covered by this scheme. Council has such a scheme, which sets out the Council's commitment to make certain classes of information routinely available, such as policies and procedures, minutes of meetings, annual reports and financial information and is available to view on the council's website.</p>
Is the Council compliant with the General Data Protection Regulation requirements?	Yes	<p>Council has taken active steps to ensure compliancy with the GDPR requirements and has reviewed its GDPR Policies during the year ensuring that at all times it is able to provide clear responsibilities and obligations of the Council in respect of the collecting, using and protecting of personal information in accordance with the provisions of the GDPR. Appropriate Data Protection policies and procedures are in place along with the lawful basis for the processing of data covered by the regulations as well as policies that deal with the effective management of its records thereby demonstrating that the Council has acted in compliance with its legal and regulatory obligations.</p>

<sup>15</sup> Data Protection Act 2018

<i>Has the Council published a website accessibility statement on their website in line with Regulations?<sup>16</sup></i>	Yes	The Regulations of the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018 was enacted on 23rd September 2018. The regulations aim to ensure public sector websites and mobile apps are accessible to all users, especially those with disabilities. Council's Accessibility Statement details how information will be produced on a website and how to gain access to content that is readily accessible to view as well as detailing the technical information of the website along with the methods used for testing the website; the steps being taken to improve accessibility and how the site is being improved to ensure that content meets the WCAG 2.1 Standard under Regulation 8 of the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018.
<i>Does the council have official email addresses for correspondence?<sup>17</sup></i>	Yes	Council has a GOV.UK domain for its council website which also supports a secure and digitally managed email system. Council is aware of the importance of ensuring that it uses a secure e-mail system with a gov.uk address thereby identifying that it has local government status and demonstrating authenticity when building trust and credibility with the public.
<i>Is there evidence that electronic files are backed up?</i>	Yes	Council's day to day records are subject to regular back-ups to a cloud-based secure system.
<i>Do terms of reference exist for all committees and is there evidence these are regularly reviewed?</i>	Yes	Council does not operate a committee system but reviewed the Terms of Reference for its working groups at the annual council meeting on 28 <sup>th</sup> May 2024.
<b><i>Additional comments:</i></b>		
<p><b>The Internal Auditor offers her appreciation for the assistance given by the Parish Clerk in completing this audit. The year-end files were extremely well presented for review and council's staff are to be commended.</b></p> <p><b>The examination of the year-end accounts and supporting documentation has further confirmed that the Responsible Financial Officer has satisfactorily undertaken the administration of the Council's financial affairs and produced satisfactory financial management information to enable the Council to make well-informed decisions.</b></p>		

<sup>16</sup> Website Accessibility Regulations 2018

<sup>17</sup> Practitioners Guide



Recommendations made and/or commentary provided are to enhance the systems in place as opposed to detract from the positive assurance that can be given as to the manner in which the Council's finances are managed.

For further information and for the year effective 1<sup>st</sup> April 2025 please refer to Governance and Accountability for Smaller Authorities in England - [A Practitioners' Guide to Proper Practices to be applied in the preparation of statutory annual accounts and governance statements - March 2025.](#)

Signed: ***V S Waples***

Date of Internal Audit Visit: 29.04.25 & 03.05.25

Date of Internal Audit Report: 03.05.25

On behalf of Suffolk Association of Local Councils