

Internal Audit Report for Claydon and Whitton Parish Council

for the period ending 31 March 2025

Clerk	Bethany Cutler
RFO (if different)	Daska Patel
Chairperson	Councillor Chris Studd
Precept	£ 39,436
Income	£ 64,215
Expenditure	£ 82,758
General reserves	£382999
Earmarked reserves	£82,758
Audit type	For Smaller Authorities , Income and Expenditure less than £200,00
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 for the basis of accounts in accordance with recommended practises.
<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 council's gross income is £64,215 The council's gross expenditure is £82,757
<i>Is the cash book up to date and regularly verified?</i>	Yes	The cash book as up do date and is correct and demonstrates the clear and transparent accounting, the cash book clearly shows: <ul style="list-style-type: none"> • Dates • Items • Payments • Credits • VAT • Precept • CIL Grants
<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 are up to date, they were reviewed, 15 th May 2024 and again 12 th May 2025 for the year 2025/2026. <i>Comment: Following the Internal Audit 2023/2024 the updated version has incorporated all recommendations.</i>
Are Financial Regulations up to date and reviewed annually?	Yes	The Financial Regulations were reviewed and accepted 3 rd June 2024 and again 14 th April 2025 for the year 2025/2026. <i>Comment: The recommendations of the Internal Audit 2023/2024 have been incorporated in the updated Financial Regulations.</i>
Has the Council properly tailored the Financial Regulations?	Yes	The council has tailored Financial Regulations to meet the council's administration
Has the Council appointed a Responsible Financial Officer (RFO)? ¹	Yes	In accordance Section 151 with 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	As requested, the RFO sent paid invoices for inspection, all were cross checked against the cash book and bank statements, all are in order.
Where applicable, are internet banking transactions properly recorded and approved?	Yes	The council operates internet banking in accordance with the councils Financial Regulations. All payments are authorised by council and paid in accordance with proper practises.
Is VAT correctly identified, recorded, and claimed within time limits?	Yes	VAT is recovered correctly and re-claimed regularly and within time limits. The council received a VAT repayment 17 th March 2025 for £6,057.70 which is recorded in the cash book.
Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly? ²	N/A	The council has not adopted the General Power of Competence
Are payments under s.137 ³ separately recorded, minted and is there evidence of direct benefit to electorate?	Yes	I have identified £750 in small grants to the community.
Where applicable, are payments of interest and principal sums in respect of loans paid in accordance with agreements?	Yes	The council has no loans
Additional comments:		

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.

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 are full and comprehensive set of Risk Assessments The Risk Assessments have been updated 3 rd June 2024 and 12 th May 2025 for 2025/2026
<i>Is there evidence that risks are being identified and managed?</i>	Yes	There is evidence that the risks are managed effectively.
<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 comprehensive insurance policy with Gallagher/ Hiscox No: 8050954 <ul style="list-style-type: none"> • Public Liability £10m • Employers' liability £10m • All Risks • Fidelity Guarantee £500k
<i>Evidence that internal controls are documented and regularly reviewed⁴</i>	Yes	The council has taken adequate steps to ensure that the Internal Controls have been revised and now are in accordance with the Accounts and Audit Regulations 2015. The Internal Controls Policy was reviewed in December 2024
<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 Internal Audit Report for 2023/2024 was received by council on 14 th October 2024 (minute 11) <i>Comment: There is clear evidence that the council has addressed the issues raised in the Internal Report 2023/2024</i>

⁴ Accounts and Audit Regulations

⁵ Practitioners Guide

Additional comments:

Section 5 – Budgetary controls		
The internal auditor will seek verification that budgets are properly prepared, agreed and monitored. In particular they will look for evidence of good practice in that the key stages of the budgetary process have been followed		
Evidence		Internal auditor commentary
Verify that budget has been properly prepared and agreed	Yes	The budget has been properly prepared, the council budgeted for Total expenditure of £46,481 and a net expenditure of £39, 436
Verify that the precept amount has been agreed in full Council and clearly minuted	Yes	The council agreed a precept of £39,436. Which represents a 0.06% increase for a band D property.
Regular reporting of expenditure and variances from budget	Yes	All expenditure and variances are regularly reported to full council
Reserves held – general and earmarked ⁶	Yes	The Reserves held are recorded: <ul style="list-style-type: none"> • General Reserve: £38,999 • Earmarked Reserve £26,466.17
Additional comments:		

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

Section 6 – income controls		
The internal auditor will seek evidence to ensure income is correct managed – recorded, banked, and reported and test mechanisms used to achieve this.		
Evidence		Internal auditor commentary
Is income properly recorded and promptly banked?	Yes	Income is recorded in accordance with the council's Financial Regulations
Is income reported to full council?	Yes	All income is reported to full council, minuted and published on the council's website.
Does the precept recorded agree to the Council Tax Authority's notification?	Yes	The precept of £39,436 was received in two tranches from Babergh and Mid-Suffolk District Council and is properly recorded in the cash book. It is entered correctly in Section 2 – Accounting Statement 2024/2025 Box 2
If appropriate, are CIL reporting schedules in accordance with the Regulations? ⁷	Yes	CIL reporting is in accordance with the regulations
Is CIL income reported to the council?	Yes	
Does unspent CIL income form part of earmarked reserves?	Yes	The council received £4,223.98 CIL income 2024/2025 bringing the total to £294,003.68 Expenditure 2024/2025 totals £36,004.52 Leaving a balance of £259,919.16 The CIL monitoring is to be found in Budget Monitoring <i>Recommend: CIL reports should be published as a separate report.</i>
Has an annual report been produced?	Yes	
Has it been published on the authority's website?	No	
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 2 employees on the payroll, the Clerk and the RFO Employment contracts were not available for Internal Audit The council approves the salary scales
<i>Has the Council approved salary paid?</i>	Yes	
<i>Minimum wage paid?</i>	N/A	The council does not pay 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	All payroll salaries are reported to full council and approval, the payments are made in accordance with the council's Financial Regulations
<i>Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?</i>	Yes	The council has contracted Suffolk Association of Local Councils to conduct the payroll function. All payments and deductions for HMRC and NICS are calculated and paid by the council in accordance with Standing Orders and Financial Regulations
<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 obligations and submitted a Re-declaration 8 th June 2022 <i>Comment: Re-declaration will become due June 2025</i>
<i>Have pension re-declaration duties been carried out</i>	Yes	
<i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i>	Yes	All expenses and payments are agreed by council in accordance with 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 Asset Register was reviewed and updated March 2025, and records all the councils' assets. The value of assets is recorded as £59,117.00
<i>Is the value of the assets included? (Note value for insurance purposes may differ)</i>	Yes	The value of the assets is valued as £73,093.87 for insurance purposes.
<i>Are records of deeds, articles, land registry title number available?</i>	N/A	No deeds or titles were available for Internal Audit
<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 I am satisfied that adequate cover is provided.
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 conducted on a regular basis. There is evidence that the cash book is presented to council on a regular basis.
<i>Do bank balances agree with bank statements?</i>	Yes	<p>Bank balances agree with the statements. Current balances include:</p> <ul style="list-style-type: none"> • Community bank account £16,081.69 • Business Premium account (CIL Reserve) £259,919.16 • Business Premium account (Parish Reserve) £80,532.66 • CCLA (Car Park Reserve) £26,466.17 • Total £382,999.68 <p>The balances are entered correctly on Section 2 – Accounting Statements 2024/2025 Box 7 and 8</p>
<i>Is there regular reporting of bank balances at Council meetings?</i>	Yes	Bank balances are regularly reported to the council

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 and all are in order
<i>Financial trail from records to presented accounts</i>	Yes	There is a full and transparent financial trail
<i>Has the appropriate end of year AGAR¹⁰ documents been completed?</i>	Yes	The council is a smaller authority with an income of less than £200,000. The appropriate AGAR documents are completed properly and in accordance with the guidelines.
<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	The council adequately provided for the exercise of public rights. The notice was published Wednesday 12 th June 2024 Commencing: Monday 17 th June 2024 Ending Friday 26 th July 2024
<i>Have the publication requirements been met in accordance with the Regulations?¹¹</i>	Yes	The publication is in accordance with the regulations <ul style="list-style-type: none"> • Notice of period for the exercise of Public Rights • Section 1 Annual Governance Statement • Accounting Statements 2024/2025 • Section 2 Accounting Statements • Annual Internal Auditors Report • External Auditors Report • Section 3 External Auditors Report
Additional comments:		

¹⁰ Annual Governance & Accountability Return (AGAR)

¹¹ Accounts and Audit Regulations 2015

Section 12 – internal audit		
The internal auditor will revisit weaknesses and recommendations previously identified to see if these have been addressed. They will also check if any changes introduced require further verification to ensure effectiveness of the corrective action taken.		
Evidence		<i>Internal auditor commentary</i>
<i>Has the Council considered the previous internal audit report?</i>	Yes	The council considered the previous Internal Audit Report 14 th October 2024
<i>Has appropriate action been taken regarding the recommendations raised?</i>	Yes	The council has acted and resolved the issues highlighted on the 2023/2024 report.
<i>Has the Council confirmed the appointment of an internal auditor?</i>	Yes	The council appointed Suffolk Association of Local Council to carry out the Internal Audit 2024/2025 3 rd February 2025
<i>Has full council approved the letter of engagement?</i>		
Additional comments:		

Section 13 – external audit for the period under review		
The internal auditor will revisit the external audit so that previous weaknesses and recommendations can be considered.		
Evidence		Internal auditor commentary
Has the Council considered the previous external audit report? ¹²	Yes	The council received the External Audit Report 14 th October 2024
Has appropriate action been taken regarding the comments raised?	No	There is no evidence of any actions
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 took place on 13 th May 2024 Councillor Chris Studd was elected 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	There is evidence that the minutes are administered correctly
<i>Is there a list of members' interests held?</i>	Yes	There is a link to the Babergh and Mid-Suffolk District Council Site
<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 is aware of the Transparency Code, and it is correctly applied the following can be found 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
<i>Has the Council registered with the Information Commissioner's Office (ICO)?</i> ¹⁵	Yes	The council is correctly registered with the Information Commissioners Office ZA446640 expiry 7 th August 2025
<i>Is the Council compliant with the General Data Protection Regulation requirements?</i>	Partly	The council has published a GDPR statement and DATA privacy notice <i>Recommendation: The council should carry out a full review of the policy.</i>

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	There is a website accessibility statement published on the council's website along with methods evaluating the the website detailing the technical information in accordance WCAG 2.1 (2) Accessibility Regulations 2018 Standard under the Public Sector Bodies (websites and mobile applications)
<i>Does the council have official email addresses for correspondence?¹⁷</i>	Yes	The clerk to the council has an official email address for council correspondence
<i>Is there evidence that electronic files are backed up?</i>	Yes	The council has facilities to back up the council's data.
<i>Do terms of reference exist for all committees and is there evidence these are regularly reviewed?</i>	N/A	Terms and references were not reviewed.
<i>Additional comments: There were a number of significant recommendations highlighted in the Internal Report 2023/2024. The council has reviewed its policies and systems and have addressed the concerns. There is evidence that the council is now holding regular reviews.</i>		

Signed: *Alan Melton*

Date of Internal Audit Visit: 6th June 2025

Date of Internal Audit Report: 9th June 2025

On behalf of Suffolk Association of Local Councils

¹⁶ Website Accessibility Regulations 2018

¹⁷ Practitioners Guide