Internal Audit Report for Nayland with Wissington Parish Council

for the period ending 31 March 2025

Clerk	Debbie Hattrell
RFO (if different)	-
Chairperson	Councillor Laura Erith
Precept	£46,258.00
Receipts	£55,301.53
Payments	£53,260.12
General reserves	£22,302.94
Earmarked reserves	£79,000.00
Audit type	Annual
Auditor name	**Colin Poole**

Introduction

The primary objective of internal audit is to review, appraise and report upon the adequacy of internal control systems operating throughout the council. To achieve this SALC adopt a predominantly systems-based approach to audit.

The council's internal control system comprises the whole network of systems established within the council to provide reasonable assurance that the council's objectives will be achieved, with reference to:

- the effectiveness of operations
- the economic and efficient use of resources
- compliance with applicable policies, procedures, laws, and regulations
- the safeguarding of assets and interests from losses of all kinds, including those arising from fraud, irregularity, and corruption

- the integrity and reliability of information, accounts, and data

Methodology

When conducting the audit, the internal auditor may:

- conduct a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year in order to be able to complete the Annual Internal Audit Report 2024/25 of the Annual Governance and Accountability Return (AGAR)
- review the reliability and integrity of financial information and the means used to identify, measure, classify and report such information
- review the means of safeguarding assets and, as appropriate, verify the existence of such assets
- appraise the economy and efficiency with which resources are employed, identify opportunities to improve performance and recommend solutions to problems
- review the established systems to ensure compliance with those policies, procedures, laws, and regulations which could have a significant impact on operations, and determine whether the council complies
- review the operations and activities to ascertain whether results are consistent with objectives and whether they are being conducted as planned

Section 1 – proper bookkeeping The internal auditor will look at the methods and processes used to manage the council's accounts and in particular that it provides clear data for reporting and monitoring purposes. This includes checking information is accurate, kept up to date, referenced and verified.		
Evidence		*Internal auditor commentary*
Is the ledger maintained and up to date?	**YES**	The council uses Scribe
Is the ledger on the correct basis in relation to the gross income/expenditure?	**YES**	Council's gross income and expenditure level is below the threshold of £200,000 and has been for three (3) continuous years. Council's operating under this limit may choose either to report on an income and expenditure basis or on a receipts and payments (R&P) basis. Council has elected to report its financial matters on a receipts and payments basis.
Is the cash book up to date and regularly verified?	**YES**	The cashbook is reconciled on a monthly basis.
Is the arithmetic correct?	**YES**	
Additional comments: *None*		

Section 2 – Financial Regulation and Standing Orders The internal auditor will check the date the Council conducted its annual review of both Standing Orders and Financial Regulations and in particular check if these are based on NALC'S latest model which include legislative changes.		
Evidence		*Internal auditor commentary*
Have Standing Orders been adopted, up to date and reviewed annually?	**YES**	The Standing Orders, as seen on the Parish Council's website, were reviewed at the meeting of 11th December 2024. ***Comment:*** *New Model Standing Orders are available for adoption during 2025/26*
Are Financial Regulations up to date and reviewed annually?	**YES**	Financial Regulations were adopted at the meeting of 11th December 2024,
Has the Council properly tailored the Financial Regulations?	**YES**	
Has the Council appointed a Responsible Financial Officer (RFO)?[1]	**YES**	In accordance with Section 151 of the Local Government Act 1972(d) (financial administration), the Council has appointed a person (the Clerk) to be responsible for the administration of the financial affairs of the relevant authority. Council's Financial Regulation 1.5 confirms that the Clerk is so appointed.
Additional comments: *None*		

[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**	A selection of random payments were cross-checked against minute references, cash book, bank statement and invoices.
Where applicable, are internet banking transactions properly recorded and approved?	**YES**	
Is VAT correctly identified, recorded, and claimed within time limits?	**YES**	A total of £4742.84 was claimed for the period 01/04/2024 – 31/03/2025
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 GPOC at their meeting held May 2023.
Are payments under s.137[3] separately recorded, minuted and is there evidence of direct benefit to electorate?	**N/A**	
Where applicable, are payments of interest and principal sums in respect of loans paid in accordance with agreements?	**YES**	PW401969
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
Is there evidence of risk assessment documentation?	**YES**	The council maintains a list of its responsibilities and a register of physical risks.
Is there evidence that risks are being identified and managed?	**YES**	The council reviewed its comprehensive risk management policy at their meeting held 9th October 2024. Issues such as, financial risk, physical assets and trees are covered.
*Does the Council have appropriate and adequate insurance cover in place for employment, public liability and fidelity guarantee **and** has been reviewed on an annual basis?*	**YES**	The Council resolved at the meeting held 11th September 2024 that insurances had been checked as adequate. Employer's Liability: £10 million Public liability: £10 million Fidelity Guarantee: £100,000
Evidence that internal controls are documented and regularly reviewed[4]	**YES**	Council's internal control document was reviewed at the meeting held 11th December 2024.
Evidence that a review of the effectiveness of internal audit was conducted during the year, including consideration of the independence and competence of the internal auditor prior to their appointment[5]	**YES**	This was reviewed at the meeting held 11th September 2024
Additional comments:		

[4] Accounts and Audit Regulations
[5] Practitioners Guide

Section 5 – Budgetary controls The internal auditor will seek verification that budgets are properly prepared, agreed and monitored. In particular they will look for evidence of good practice in that the key stages of the budgetary process have been followed		
Evidence		Internal auditor commentary
Verify that budget has been properly prepared and agreed	**Part-Met**	The draft budget for the year 2024/25 was clearly discussed in detail at the meeting held 13th December 2023. ***Comment:*** *The actual budget figure agreed was not minuted at either meeting, so it is not possible to verify that the budget found on the website is the one agreed by councillors.* The budget for the year 2025/26 discussed in detail at the meeting held 11th December 2024. Again, whilst the minutes clearly show the budget was the product of a sub-committee and full council discussion before adoption, the actual budget figure agreed was not minuted. ***Recommendation: Best practice is that the key budget figures are recorded in the minutes, for the avoidance of any dispute afterwards.***
Verify that the precept amount has been agreed in full Council and clearly minuted	**Part-Met**	A precept for the year 2024/25 of £46,258 was agreed at the meeting of 10th January 2024. In accordance with good practice the minutes note that this will result in a 7% increase to residents. The precept for the year 2025/26 was agreed at the meeting held 11th December 2024 and confirmed at the meeting held 15th January 2025. The reference to this being 'a 5% increase' appears to refer to council tax. ***Recommendation: Best practice would include also minuting the resulting Band D charge for the parish, and the difference in pounds and pence as well as percentage change, to save residents having to work out what a 7% increase meant to them.***
Regular reporting of expenditure and variances from budget	**YES**	The council receives regular reports of receipts and payments for approval, and quarterly budget monitoring reports

Reserves held – general and earmarked[6]	**YES**	The council reviewed the reserves policy at their meeting held 12th February 2025 and agreed to set their reserves at between 30% and 50% of net expenditure. As at 31st March 2025 General Reserves £22,302.94 Earmarked Reserves £79,000 CIL Reserve £40,696.95 which has been allocated to the Village Hall reserve within earmarked reserve ***Comment:*** *General reserves are within the sensible range agreed by the council*
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 Council's Financial Regulations. A sample receipt was checked against cash book and bank statement and found to be in order and recorded in accordance with Proper Practices.
Is income reported to full council?	**YES**	Income received is reported to full Council within the financial reports submitted to full Council in accordance with council's financial regulations.
Does the precept recorded agree to the Council Tax Authority's notification?	**YES**	The precept demand was approved for serving upon the district council on 10th January 2024, for £46,258. £23,129.00 was received on 8th April 2024 and on 16th September 2024
If appropriate, are CIL reporting schedules in accordance with the Regulations?[7]	**YES**	On 1/4/2024 CIL balance = £40,696.95 During the year under review, council received no CIL receipts CIL Balance at 31/03/2025 = £40,696.95
Is CIL income reported to the council?	**YES**	CIL receipts received are reported to council within the financial reports submitted.
Does unspent CIL income form part of earmarked reserves?	**YES**	Within the Village Hall roof reserve to which the funds have been allocated
Has an annual report been produced?	**YES**	
Has it been published on the authority's website?	**YES**	The Annual CIL Statement for the year ending March 31st 2025 was found on the website. https://naylandwithwissington-pc.gov.uk/assets/Finance/2025/Nay-CIL-Return-2025.pdf
Additional comments:		

[7] Community Infrastructure Levy Regulations 2010

Section 7 – petty cash The Internal Auditor will seek evidence that the Council has followed its own policies, procedures, and verification processes and that these are up to date.		
Evidence		Internal auditor commentary
Is petty cash in operation?	**N/A**	Clerk advises that the council does not operate a petty cash system.
If appropriate, is there an adequate control system in place?	**N/A**	Council does not operate a petty cash system but there is a satisfactory expense system in place and all expenses claimed are approved by full council with supporting paperwork in place.
Additional comments:		

Section 8 – Payroll controls The Internal Auditor will check salaries were approved in accordance with PAYE, NI, Pension and that there is a clear understanding that the clerk is not self-employed. The Internal Auditor will also review how payroll is managed including evidence of approval of payslips.		
Evidence		Internal auditor commentary
Do all employees have contracts of employment?	**YES**	The Clerk advises that they have a contract of employment
Has the Council approved salary paid?	**YES**	Within the financial reporting, the Clerk's remuneration is agreed by the Finance Committee for recommendation to full council.
Minimum wage paid?	**N/A**	
Are arrangements in place for authorising of the payroll and payments to the council? Does this include a verification process for agreeing rates of pay to be applied?	**YES**	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.
Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?	**YES**	Cross-checks were completed on a sample of payments covering salary and all were found to be in order. Deductions due to be paid to HM Revenue and Customs during the year under review were made within the requisite time periods.
Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?[8]	**YES**	The council is part of the Suffolk LGPS
Have pension re-declaration duties been carried out	**YES**	The Clerk advises that the redeclaration was completed 26th May 2023
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.
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
Does the Council maintain a register of material assets it owns and manage this in accordance with proper practices?[9]	**YES**	
Is the value of the assets included? (Note value for insurance purposes may differ)	**YES**	£49,140 as at 31/03/2025
Are records of deeds, articles, land registry title number available?	**N/A**	
Are copies of licences or leases available for assets sited at third party property?	**N/A**	The Clerk advises that the council has no assets located on third party property.
Is the asset register up to date and reviewed annually?	**YES**	The updated asset register was noted at the meeting held 11th September 2024 alongside the asset register
Cross checking of insurance cover	**YES**	The insurance cover is £55,000 so cover appears adequate ***Recommendation: The council may wish to review its asset register to include separate replacement costs (insurance values), arranged into the same categories as the insurance policy, in order to ascertain that the insurances do reflect the assets, particularly the potential for insurance claims for damage to community assets.***
Additional comments:		

[9] Practitioners Guide

Section 10 – bank reconciliation The internal auditor will seek to establish that the Council understands and can evidence good practice and internal control mechanisms in relation to bank reconciliation.		
Evidence		Internal auditor commentary
Is bank reconciliation regularly completed and reconciled with the cash book and cover every account?	**Yes**	Bank reconciliations are completed on a regular basis and reconcile with the cash sheets.
Do bank balances agree with bank statements?	**Yes**	Bank balances agree with year end and period end statements Co-op Bank AC ending 3455 = £1,000 on 31st March 2025 Co-op Bank AC ending 5550 = £16,902.21 on 31st March 2025 Co-op Bank AC ending 5553 = £79,000 on 18th December 2024 National Savings Account = £4,444.86 on 31st December 2024 Total bank balances = £101,347.07, matching the cashbook approved 25th June 2025
Is there regular reporting of bank balances at Council meetings?	**Yes**	The minutes show that the Chair reads out the bank balances at each meeting of the council
Additional comments:		

Section 11 – year end procedures		
Evidence		*Internal auditor commentary*
Are appropriate accounting procedures used?	**YES**	Accounts are produced on a receipts and payments basis.
Financial trail from records to presented accounts	**YES**	Scribe accounting software allows for a clear financial trail from records to presented account.
Has the appropriate end of year AGAR[10] documents been completed?	**YES**	As Council is a smaller authority with gross income and expenditure exceeding £25,000 in the year ending **31st March 2025** the council completed AGAR Form 3, the unsigned accounting Statements of which were found on the website.
Did the Council meet the exemption criteria and correctly declared itself exempt?	**N/A**	
During the period in question did the small authority demonstrate that it correctly provided for the exercise of public right as required by the Accounts and Audit Regulations 2015?	**YES**	The notice for exercise of public rights dated 29th May 2024 to be displayed from 3rd June to 12th July. It was found on the website https://naylandwithwissington-pc.gov.uk/assets/Finance/2024/Nay-Notice-of-Public-Rights-2024.pdf
Have the publication requirements been met in accordance with the Regulations?[11]	**YES**	It is confirmed that the Council did comply with the requirements of the Accounts and Audit Regulations 2015 for the year ending **31st March 2024** as it published the following on its website: Annual Internal Audit Report Asset register Budget & CIL report Section 1 & 2 - Annual Governance Statement and Accounting Statements Section 3 - The External Auditor Report and Certificate was displayed from 28th August 2024
Additional comments:		

[10] Annual Governance & Accountability Return (AGAR)
[11] Accounts and Audit Regulations 2015

Section 12 – internal audit The internal auditor will revisit weaknesses and recommendations previously identified to see if these have been addressed. They will also check if any changes introduced require further verification to ensure effectiveness of the corrective action taken.		
Evidence		*Internal auditor commentary*
Has the Council considered the previous internal audit report?	**YES**	The Internal Audit Report for the period ending 31st March 2024 was reviewed at the meeting held 17th July 2024
Has appropriate action been taken regarding the recommendations raised?	**Part-Met**	The meeting noted the report and agreed actions at the meeting held
Recommendation: to provide transparency in the budgetary process followed by the council and the budget being set, council should ensure that a copy of the budget is uploaded to the website or appended to the minutes at which the budget is set	**YES**	The budget was found on the website for both 2024/25 and 2025/26 financial years. ***Comment:*** *Note comment in section 5 regarding including key information (not the whole budget, just income, expenditure and precept) in the minutes so that there is a clear link between the published budget and the minuted approval.*
Recommendation: council should note that long-term investments (such as those entered into the National Savings Account) should be included in the asset register at acquisition cost. Any interest or dividend received should be included as income once received into the bank or added in value to the asset if it is reinvested.	**N/A**	The recommendation is based on a misunderstanding of the nature of the National Savings Account, which is not a long-term investment.
Recommendation: Council should seek to review the information it holds under the [FOI] scheme and ensure that it is up to date and that it is available to view on its website in a format that is tailored to the parish council.	**Part Met**	***Comment:*** *The council is using an ICO policy document but is missing the list of documents that are available 'the model publications scheme'. The Clerk advises this was approved at the meeting held 20th June 2025.*
Has the Council confirmed the appointment of an internal auditor? *Has the letter of engagement been approved by full council?*	**YES**	The appointment of the person to act as the parish council's independent internal auditor was approved at the meeting of 11th September 2024.
Additional comments:		

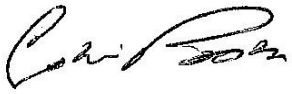
Section 13 – external audit for the period under review The internal auditor will revisit the external audit so that previous weaknesses and recommendations can be considered.		
Evidence		*Internal auditor commentary*
Has the Council considered the previous external audit report?[12]	**YES**	The council received the external audit report at the meeting held 11th September 2024. There were no matters to report.
Has appropriate action been taken regarding the comments raised?	**N/A**	No matters of concern were raised by the external auditor
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		*Internal auditor commentary*
Was the annual meeting held in accordance with legislation? [13]	**YES**	Council held its Annual Meeting of the Parish Council at which the Chair was elected on 8th May 2024, in accordance with legislation.
Is there evidence that Minutes are administered in accordance with legislation? [14]	**YES**	
Is there a list of members' interests held?	**YES**	Evidence was seen on the district council's website of the Register of Interests for current parish councillors.
Does the Council have any Trustee responsibilities and if so, are these clearly identified in a Trust Document?	**N/A**	The parish council does not have any trustee responsibilities.
Has the Transparency Code been correctly applied, and information published in accordance with current legislation?	**YES**	https://naylandwithwissington-pc.gov.uk/finance/
Has the Council registered with the Information Commissioner's Office (ICO)?[15]	**YES**	Registration no. ZA059708, expiring August 2025
Is the Council compliant with the General Data Protection Regulation requirements?	**YES**	Council policies are set out in the Privacy Notice on the website https://naylandwithwissington-pc.gov.uk/gdpr/

[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

Has the Council published a website accessibility statement on their website in line with Regulations?[16]	**YES**	https://www.suffolk.cloud/accessibility-statement/
Does the council have official email addresses for correspondence?[17]	**YES**	www.naylandwithwissington-pc.gov.uk
Is there evidence that electronic files are backed up?	**YES**	The Clerk advises that files are backed up to the Clerk's personal One Drive. In addition, the website is well-maintained and therefore a great deal of information is effectively backed up on Suffolk Cloud. ***Recommendation: Whilst it is good practice to back up to cloud-based solutions such as One Drive, the data belongs to the council, not the Clerk, and the council should provide for the back-up.***
Do terms of reference exist for all committees and is there evidence these are regularly reviewed?	**NO**	Council has a 'Finance Sub Committee' which the Clerk advises has no delegated authority, but minutes are kept, and it produces recommendations such as for budget-setting and precept which, for the year under review, were adopted in their entirety. ***Recommendation: It is demonstrating good practice to have a dedicated forum for focussing on a single topic, such as this Finance Committee, as it can result in more well-considered and robust decision-making. However, Parish Council Committees (regardless of what they are called) come under your Standing Order 3d and are required by law to be open to the public, so a public notice must be issued. Equally, terms of reference need to be agreed so that the scope of activity is defined.***
Additional comments:		

Signed: 

Date of Internal Audit Visit: 5/6/2025 Date of Internal Audit Report: 23/06/2025

Colin Poole on behalf of Suffolk Association of Local Councils

[16] Website Accessibility Regulations 2018
[17] Practitioners Guide