

Report to Great Finborough Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2025

1. Introduction and Summary.

1.1 The Internal Audit work undertaken confirmed that during the 2024/25 year the Council maintained effective governance arrangements including a robust framework of internal control and risk management. The Internal Audit review, undertaken on the documentation provided to the Internal Auditor and on the information published on the Council's website, has confirmed that the Council currently maintains a high standard of financial administration and effective internal financial control.

1.2 By examination of the 2024/25 accounts and supporting documentation it was confirmed that the current Clerk, in the role of the Council's Responsible Financial Officer (RFO), is undertaking the administration of the Council's financial affairs to a high standard and has produced financial management information to enable the Council to make well-informed decisions. The present Clerk/RFO has achieved a number of step change improvements in financial administration including improved presentation of the Cash Book, revision of Budget Sheets and the Asset Register and significant improvements to the presentation of Agenda and Minutes.

1.3 The Council's documentation and information were extremely well presented by the Clerk/RFO for the internal audit.

1.4 The Accounts for the year confirm the following:

Total Receipts for the year: £35,604.72

Total Payments in the year: £24,721.81

Total Reserves at year-end: £29,780.41

1.5 The Annual Governance and Accountability Return (AGAR) was examined and the following figures agreed with the Clerk for inclusion in Section 2 Accounting Statements 2024/25 (rounded for purposes of the Return):

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| <i>Balances at beginning of year (1 April 2024):</i> | <i>Box 1: £18,898</i> |
| <i>Annual Precept 2024/25:</i> | <i>Box 2: £16,342</i> |
| <i>Total Other Receipts:</i> | <i>Box 3: £19,263</i> |
| <i>Staff Costs:</i> | <i>Box 4: £8,937</i> |
| <i>Loan interest/capital repayments:</i> | <i>Box 5: nil</i> |
| <i>All Other payments:</i> | <i>Box 6: £15,785</i> |
| <i>Balances carried forward (31 March 2025):</i> | <i>Box 7: £29,781</i> |
| <i>Total cash/short-term investments:</i> | <i>Box 8: £29,781</i> |
| <i>Total fixed assets:</i> | <i>Box 9: £130,720</i> |
| <i>Total borrowings:</i> | <i>Box 10: nil</i> |

1.6 Sections One and Two of the AGAR are due to be approved and signed at a forthcoming meeting of the Council. The Internal Auditor has completed the Annual Internal Audit Report 2024/25 within the AGAR.

1.7 The following Internal Audit work was carried out on the adequacy of systems of internal control. Comments arising from the review are made below and one formal recommendation (details at items 12.4 and 12.5 below) has been put forward:

Recommendation 1: The Council should review the current arrangements for authorising internet banking payments in relation to the Financial Regulations to ensure that actual procedures and the Regulations accord and there is no ambiguity in the narrative of Financial Regulations regarding the authorisation process.

2. Governance, Standing Orders, Financial Regulations and other Regulatory matters (*examination of Standing Orders, Financial Regulations, Code of Conduct, Formal Policies and Procedures, Tenders where relevant. Acting within the legal framework, including Data Protection legislation*).

2.1 The Annual Parish Council meeting was held on 13 May 2024. The Minutes of the meeting were published on the website during the course of the audit and it was confirmed that the first item of business was the Election of Chair, in accordance with the requirements of the Local Government Act 1972.

2.2 Standing Orders are in place. The Council reviewed, approved and adopted the Standing Orders at its meeting on 10 March 2025. A copy has been published on the Council's website. The Standing Orders are based on the model Standing Orders published by the National Association of Local Councils (NALC). Revisions to the model Standing Orders were published by NALC on 31 March 2025. The amendments can be included at the Council's next review of Standing Orders.

2.3 Financial Regulations are in place. They are based on the model Financial Regulations published by NALC and were reviewed and adopted by the Council at its meeting on 7 April 2025 when the minor amendments at Section 5 – Procurement, were approved and adopted. A copy has been published on the Council's website.

2.4 As the Council does not apply the General Power of Competence, payments made under the Local Government Act 1972 (Section 137) are separately identified under a heading in the Cashbook. No payments were recorded in the year as being made under Section 137.

2.5 The Clerk and Responsible Financial Officer (RFO) in position at the beginning of the year 2024/25 was Paula Gladwell. Following her resignation the Council approved the appointment of Lacey Luther as Clerk/RFO at the meeting on 10 June 2024 and confirmed the details of the pay scale and other elements of the contract.

2.6 At the meeting on 9 December 2024 the Council noted that the Clerk had submitted her resignation to the Council and had advertised the position in readiness for interviews. The Council already had an Employment Working group set up from

the previous round of recruitment for the Clerk and the Council resolved that the Group would continue for this round of recruitment.

2.7 At its meeting on 13 January 2025 the Council noted that Mrs Jennie Blackburn had been appointed as Clerk/RFO with effect from 7 January 2025. A formal contract was produced and signed by both parties on 10 March 2025.

2.8 The Council's Minutes are well presented and provide clear evidence of the decisions taken by the Council. Each page of the Minutes is signed/initialled by the Chair of the meeting at which the Minutes are approved. The Council demonstrates good practice by publishing a draft copy of the Minutes to promptly inform local residents of Parish Council business and then publishing the final, agreed copy after the Council's approval.

2.9 The Council is registered with the Information Commissioner's Office (ICO) as a Fee Payer/Data Controller for the provision of council services (Registration ZA129371, expiring 27 July 2025) and displays the correct contact details for the Council.

2.10 To assist in meeting the requirements of the General Data Protection Regulations (GDPR) the Council maintains a Data Protection Policy and a Document Retention Policy, both of which were reviewed and approved by the Council at its meeting on 10 March 2025.

2.11 The Council has a General Privacy Notice in place which is being reviewed and updated by the Clerk/RFO and is due to be presented to the next meeting of the Council for approval and adoption.

2.12 The Council also has in place a Publication Scheme document which was reviewed and approved by the Council at its meeting on 10 March 2025.

2.13 The Council has also published the following Policies and Protocols:

- Protocols for Public Participation in Council Meetings
- Complaints Procedure
- Pre application planning Protocol

2.14 The Council has adopted the Local Government Association (LGA) Model Councillor Code of Conduct which details the requirements and responsibilities placed upon each individual Councillor. A copy of the LGA Code has been published on the Council's website.

2.15 In accordance with Best Practice the Council has registered under an official .gov.uk domain name with Clerk/RFO and councillor email addresses linked to that domain name.

2.16 At its meeting on 13 January 2025 the Council agreed to set up a new website for the Council with Suffolk Cloud. The new website host has published a Website Accessibility Statement to assist compliance with the website accessibility regulations.

3. Accounting Procedures and Proper Book-keeping (*examination of entries in the Cashbook, regular reconciliations, supporting vouchers, invoices and receipts and VAT accounting*).

3.1 The Cashbook Spreadsheet was found to be in very good order and well presented. The Spreadsheet is well referenced and provides an audit trail to the Bank Statements and the financial information prepared by the Clerk/RFO, who has examined the Council's documentation in order to match the available invoices/vouchers to the Cash Book entries. A sample of transactions was closely examined by the Internal Auditor and was found to be in order with supporting invoices/vouchers in place.

3.2 VAT payments are tracked and separately identified within the Cashbook to assist future re-claims to HMRC. The reclaim for the £1,337.52 VAT paid for the period 1 April 2023 to 31 March 2024 was received at bank on 26 April 2024. Further reclaims to HMRC for VAT paid in the period ending 31 March 2025 were submitted by the Clerk/RFO on 14 April 2025.

3.3 Community Infrastructure Levy (CIL) issues are brought to the attention of the Council as a matter of routine. The Report for the year 2024/25 has been constructed by the Clerk/RFO and displays an opening balance of £6,623.31 as at 31 March 2024 with £10,852.78 CIL receipts in the year and payments of £1,484.00 relating to Garden Maintenance of the Play Area borders.

3.4 The CIL Fund balance as at 31 March 2025 accordingly stands at £15,992.09. The CIL Report has to be published on the Council's website and a copy submitted to the District Council no later than 31 December 2025.

3.5 A Statement of Explanation of Variances (explaining significant differences in receipts and payments between the years 2023/24 and 2024/25) has been prepared by the Clerk/RFO for submission to the External Auditors and for publication on the Council's website.

4. Bank Reconciliation (*Regularly completed and cash books reconcile with bank statements*).

4.1 Bank Reconciliations are presented to meetings of the Council and the approval by the Council is Minuted. Following delays in receiving bank reconciliations, at the meeting on 9 September 2024 the Clerk/RFO presented the Bank Reconciliations for June, July and August 2024 for Council's approval and advised that the reconciliations would be sent out prior to meetings in the future with the Finance Report.

4.2 At the meeting on 10 March 2025 the Council noted that the £600 Locality Funding from District Councillor Matthissen had been deposited into the Council's bank account on behalf of 'Great in Finborough Together' and as soon as the individual bank account had been opened the money would be transferred.

4.3 The bank statements as at 31 March 2025 for the HSBC Current Account (£1,567.73) and the HSBC Savings Account (£28,212.68) reconciled with the End-of-Year accounts and agreed with the overall Bank Reconciliation.

5. Year End procedures (Regarding accounting procedures used and can be followed through from working papers to final documents. Verifying sample payments and income. Checking creditors and debtors where appropriate).

5.1 End-of-Year accounts are prepared on a Receipts and Payments basis and were in good order. Sample audit trails were undertaken and were found to be in order.

6. Internal Control and the Management of Risk (Review by Council of the effectiveness of internal controls, including risk assessment, and Minuted accordingly).

6.1 The Council's Internal Control Measures and Risk Management arrangements were reviewed and approved by the Council at its meeting on 10 March 2025 (Minute GF134/24/25a refers). The documents provide detailed analysis of the financial risks faced by the Council and the control measures in place to mitigate the risks identified. A copy has been published on the Council's website.

6.2 The Council accordingly complied with Regulation 4 of the Accounts and Audit Regulations 2015 which requires a review by the Full Council at least once a year of the effectiveness of the Council's system of internal control, including the arrangements for management of risk, with the review suitably Minuted.

6.3 An important area of risk management within local councils concerns the adequate maintenance and inspection of play equipment. The Council receives reports under a standing agenda item. At its meeting on 10 March 2025 the Council nominated a Councillor to undertake monthly inspections of the play area and would report back to each Parish Council meeting. The Council also agreed that RoSPA standard inspections would be carried out annually.

6.4 The Council also demonstrates good practice by having a Play Area Inspection Policy in place. The Policy was reviewed and approved by the Council on 10 March 2025 and outlines the legal responsibilities of the authority and how the Council will meet those responsibilities through a system of inspection, risk assessment and responding to faults and identified risks.

6.5 Insurance was in place for the year of account. At the Council's meeting on 2 October 2024 the Council made payment of £700.74 to Gallagher Insurance Brokers for insurance renewal. The policy is provided by Hiscox Insurance and runs from 1 October 2024 to 30 September 2025. Employer's Liability cover and Public Liability cover each stand at £10m.

6.6 The Fidelity Guarantee (Councillor/Employee Dishonesty) insurance cover stands at £150,000 which meets the current recommended guidelines which provide that the cover should be at least the sum of the year-end balances plus 50% of the precept/grants.

6.7 The Clerk/RFO confirmed to the Internal Auditor that she is currently examining the insurance policy against the Asset Register to ensure that it adequately covers all relevant Assets as (inter alia) the amount insured for the play area equipment does not match those listed in the Asset Register.

7. Budgetary controls (*Verification of the budgetary process with reference to Council Minutes and supporting documents*).

Precept 2024/25: £16,342.00

Precept 2025/26: £17,794.00

7.1 At its meeting on 8 January 2024 the Council considered the recommendations of the Budget Working Group. A Draft Budget for 2024/25 was considered and approved by the Council and a Precept of £16,342 agreed. The precept decision and amount have been clearly Minuted (2023/3226 refers).

7.2 Similarly, following a Budget Working Party meeting on 7 January 2025 the Council considered and approved a Final Budget for the year 2025/26 and agreed a Precept of £17,794. The Precept decision and the amount have been clearly Minuted (Minute GFPC111/24/25 refers).

7.3 The Clerk/RFOs in post in the year ensured that the Council was aware of its responsibilities and commitments and the need for forward planning and adequate reserves. The Council has sound budgetary procedures in place. At the meeting on 11 November 2024 the Council agreed that the Budget Sub Committee would meet separately to discuss the budget on a line-by-line basis.

7.4 Examination of the accounts and supporting documentation for the year under review confirmed that the Council prepared detailed estimates of the annual budget and of receipts and payments for the years 2024/25 and 2025/26.

7.5 Budget Monitoring Reports were presented to the Council by the Clerk/RFOs in post in the year in order to meet the Council's budgetary control responsibilities.

7.6 The Overall Reserves at the year-end totalled £29,780.41 of which £15,992.09 (Restricted Reserve as per Annual CIL Report). No other Earmarked Reserves are recorded in the Accounts.

7.7 The General Reserves (Overall Reserves less Earmarked/Restricted Reserves) were accordingly £13,788.32 as at 31 March 2025, which were 77% or 9-months equivalent of the of the 2025/26 Precept. This is in line with the JPAG Best Practice guidelines (JPAG item 5.34) that the appropriate minimum level of a smaller authority's general reserve should be maintained at between 3 and 12 months equivalent of net revenue expenditure/precept.

8. Income Controls (regarding sums received from Precept, Grants, Loans and other income including credit control mechanisms).

8.1 Receipts are reported to Council as a matter of routine. Receipts of £35,604.72 recorded in the Cashbook Spreadsheet consisted of Precept (£16,342), CIL receipts (£10,852.78), VAT reclaim (£1,337.52), Bank Interest (£494.91), Cleansing Grant (£258) Lottery Grant for Play Area (£2,240), Newsletter Advertising (£1,293.50), Locality Funding and Other Income (£2,786.01).

8.2 Receipts recorded in the Cashbook were cross referenced with the Council's Bank Statements on a sample basis and were found to be in order.

9. Petty Cash (Associated books and established system in place).

9.1 A Petty Cash system is not in use. An expenses system is in place, with on-line payments being made for expenses incurred.

10. Payroll Controls (PAYE and NIC in place; compliant with HMRC procedures; records relating to contracts of employment).

10.1 At the meeting on 9 December 2024 the Clerk/RFO in post reported to the Council that the method of using HMRC's Basic tools to calculate salaries was complex and time consuming, The Council resolved to switch the process of salary calculations to the Payroll Service provided by the Suffolk Association of Local Councils (SALC) which offers the service at a reasonable rate.

10.2. The Clerk/RFO (Lacey Luther) advised the Council on 9 December 2024 that she was entitled to a working from home allowance as part of the role and the Council agreed to pay her the amount of £65 as a working from home allowance to cover her entire employment period.

10.3 The newly appointed Clerk, Jennie Blackburn, attended her initial Council meeting on 13 January 2025. The Council noted the terms of employment and agreed that the standard £26 per month, as approved by SALC, would be paid to the Clerk/RFO as an Office Allowance.

10.4 Payroll Services are currently being operated by SALC in accordance with HMRC requirements. PAYE is in operation and detailed pay slips are produced. The P60 End of Year Certificates for the current Clerk/RFO and the two Litter Pickers were presented to the Internal Auditor.

10.5 A Contract of Employment dated 7 January 2025 is in place between the Council and the Clerk/RFO and confirms that the employment commenced on 7 January 2025. As at 31 March 2024 the Clerk/RFO was paid at NJC SCP 22 for an average of 8 hours per week.

10.6 At the meeting on 11 November 2024 the Council noted and approved the National Joint Council new pay scales for 2024/25 for Local Government Officers, backdated to 1 April 2024 and the increase in salary for the Clerk/RFO in post at that date.

10.7 The Council submitted a re-declaration of compliance to the Pensions Regulator on 13 February 2025 in accordance with the requirements of the Pensions Act 2008. (The re-declaration of compliance confirms to the Pensions Regulator that the Council complies with its duties as an employer and has to be completed every three years).

11. Assets Controls (*Inspection of asset register and checks on existence of assets; recording of fixed asset valuations; cross checking on insurance cover*).

11.1 An Asset Register is in place. The Clerk/RFO confirmed that the Register is due to be considered and approved by the Council at its Annual General Meeting in May 2025. The Register displays a total value of £130,720 as at 31 March 2025, a net increase of £872 over the value of £129,848 as at the end of the previous year (31 March 2024). The increase reflects the acquisition of a Marquee (£1,570.00), a Tommy figure (£291.66) and a Projector (£291.66) and the disposal of a Laptop and Scanner (£495.01), the old Marquee (£456.94) and a Filing Cabinet (£129).

11.2 The Register complies with the current requirements which provide that each asset should be displayed at a consistent value, year-on-year. The assets are recorded at purchase cost (where known) or a community value of £1 in appropriate cases. The value as at 31 March 2025 has been correctly entered into Box 9 of Section 2 of the AGAR.

11.3 As reported at item 6.7 above, the Clerk/RFO is currently examining the insurance policy against the Asset Register to ensure that it adequately covers all relevant Assets

12. Internal Financial Controls, Payments Controls and Audit Procedures (*Confirmation that the Council has satisfactory internal financial controls in place for making payments with adequate documentation to support/evidence payments made. Any previous audit recommendations implemented*).

12.1 The Council has satisfactory internal financial controls in place. The Clerk/RFOs in post in the year provided appropriate financial reports and information to Council meetings to enable Councillors to make informed decisions. The Council receives details of the financial position of the Council, including accounts balance, payments and receipts.

12.2 Receipts and payments are listed in the Council's Minutes as part of the overall financial control framework. At the meeting on 13 May 2024 the Council agreed to accept the continued use of BACS (bank transfer) settlement of invoices/requests for payment provided that such payments are reported to the Council at the next available meeting. Accordingly, payments were made through on-line banking during 2024/25.

12.3 At the meeting on 10 June 2024 the Council agreed that, in line with good practice, dual councillor authorisation be set up at the bank for future electronic

payments when the mandate is amended for the (then) new Clerk/RFO. This was confirmed by the Council at its meeting on 15 July 2024.

12.4 Financial Regulations (FR) item 7.1 et seq. documents the procedure that shall be applied to internet banking, as follows:

' 7.1 Where internet banking arrangements are made with any bank, the RFO shall be appointed as the Service Administrator. The bank mandate agreed by the council shall identify a number of councillors who will be authorised to approve transactions on those accounts and a minimum of two people will be involved in any online approval process. The Clerk may be an authorised signatory, but no signatory should be involved in approving any payment to themselves.

7.2. All authorised signatories shall have access to view the council's bank accounts online.

7.3. No employee or councillor shall disclose any PIN or password, relevant to the council or its banking, to anyone not authorised in writing by the council or a duly delegated committee.

7.4. The Service Administrator shall set up all items due for payment online. A list of payments for approval, together with copies of the relevant invoices, shall be sent by email to two authorised signatories.

7.5. In the prolonged absence of the Service Administrator an authorised signatory shall set up any payments due before the return of the Service Administrator.

7.6. Two councillors who are authorised signatories shall check the payment details against the invoices before approving each payment using the online banking system.

7.7. Evidence shall be retained showing which members approved the payment online and a printout of the transaction confirming that the payment has been made shall be appended to the invoice for audit purposes.

7.8. A full list of all payments made in a month shall be provided to the next council meeting.'

12.5 The arrangements were discussed with the Clerk/RFO who confirmed that as the Service Administrator, she initiates payments which are then authorised by one (of a number) of nominated Parish Councillors before payment is released. Whilst this secures a dual authorisation process (the Clerk/RFO being, in effect, the first authoriser), the arrangement appears to be at variance with FR 7.4 and 7.6 which provide that two councillors will be involved in the authorisation process subsequent to the Clerk/RFO setting up the payment.

Recommendation 1: The Council should review the current arrangements for authorising internet banking payments in relation to the Financial Regulations to ensure that actual procedures and the Regulations accord and there is no ambiguity in the narrative of Financial Regulations regarding the authorisation process.

12.6 In the event of cheques being prepared the requirement is for two Councillors to act as signatories. (FR 8.1 refers)

12.7 The Internal Audit Report for the previous year, 2023/24 was undertaken by Heather Heelis and reported to the Council at its meeting on 13 May 2024. No recommendations had been put forward in the Report.

12.8 The Internal Auditor for the 2024/25 year was appointed by the Council at the meeting held on 10 March 2025.

13. External Audit (*Recommendations put forward/comments made following the annual review*).

13.1 An External Audit was not required in the year 2023/24. As the higher of gross income or gross expenditure did not exceed £25,000 in the year of account ending 31 March 2024, at its meeting on 13 May 2024 the Council was able to certify itself exempt from a Limited Assurance Review under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015 and completed a Certificate of Exemption.

13.2 At its meeting on 10 March 2025 the Council noted that an External Audit review is required for the year 2024/25 because the higher of gross income or gross expenditure exceeded £25,000 in the year of account.

14. Transparency Code (*Compliance for smaller councils with income/expenditure under £25,000*).

14.1 Under the provisions of the Transparency Code, Great Finborough Parish Council can be designated as a 'Smaller Council'.

14.2 The Council's website is: <https://greatfinborough-pc.gov.uk/>

14.3 Smaller Councils should publish on their website:

- a) *All items of expenditure above £100.* Published on website.
- b) *Annual Governance Statement: 2023/24 AGAR Annual Return Section One.* Published on website.
- c) *End-of-Year accounts: 2023/24 AGAR Annual Return, Section Two.* Published on website.
- d) *Annual Internal Audit report within 2023/24 AGAR Annual Return.* Published on website.
- e) *List of councillor or member responsibilities.* Published on website.
- f) *The details of public land and building assets (Asset Register).* Published on website.
- g) *Minutes, agendas and meeting papers of formal meetings.* Published on website.

14.4 The Council is complying with the requirements of the Transparency Code.

14.5 The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 require the Council to publish a 'Notice of Public Rights and Publication of Annual Governance and Accountability Return (Exempt Authority)' on

a publicly accessible website. The Internal Auditor was able to confirm that the document for the year 2023/24 was readily accessible on the Council's website and displayed the Date of Announcement, Details of Person to contact to view the accounts, Dates of Inspection Period and the Details of the person making the announcement.

14.6 The remaining documents required to be published, as listed in the AGAR Page 1 Guidance Notes (including Certificate of Exemption, bank reconciliation and analysis of variances) were confirmed as easily accessible on the Council's website.

15. Additional Comments.

15.1 I would like to record my appreciation to the Clerk/RFO for her assistance during the course of the audit work.

15.2 I particularly commend the Clerk/RFO for the careful organisation and presentation of the documents for the audit.

Trevor Brown

Trevor Brown, CPFA

Internal Auditor

1 May 2025