

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

Clerk	Jenny Lloyd
RFO (if different)	-
Chairperson	Councillor Verity Brown
Precept	£ 5,400.00
Income	£ 5,639.83
Expenditure	£ 5,011.06
General reserves	£1,610.90
Earmarked reserves	£7,750.00
Audit type	Exempt Authority (Income and Expenditure is less than £25,000)
Auditor name	<b>Alan Melton</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 spreadsheets have been submitted for Internal Audit; the spreadsheets are presented to the council at all council meetings. The spreadsheets and bank reconciliation present a clear picture and record for members and members of the public via the council's website.
<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 gross income and expenditure of the council is less than £25,000 The council works on an Income and Expenditure basis and conforms to the council's Standing Orders and Financial Regulations.
<i>Is the cash book up to date and regularly verified?</i>	Yes	The cash book is correct and up to date and records all relevant information including: <ul style="list-style-type: none"> <li>• Dates</li> <li>• Items</li> <li>• Payments</li> <li>• Credits</li> <li>• VAT</li> <li>• Precept</li> <li>• Grants</li> </ul>
<i>Is the arithmetic, correct?</i>	Yes	Spot checking has established that the arithmetic is correct.
<b>Additional comments:</b>		

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 are up to date; they were reviewed in January 2024 to the Model Standing Orders 2022 and incorporating the new Procurement Thresholds.
Are Financial Regulations up to date and reviewed annually?	Yes	The Financial Regulations were reviewed and adopted 22 <sup>nd</sup> July 2022, minute No 11, The council uses the NALC 2024 model
Has the Council properly tailored the Financial Regulations?	Yes	The Financial Regulations are tailored to meet the council's requirements.
Has the Council appointed a Responsible Financial Officer (RFO)? <sup>1</sup>	Yes	The Clerk is the Responsible Financial Officer
<b><i>Additional comments: The Model Financial Regulations are based on the March 2024 model; the council should adopt the 2025 model for the next financial year.</i></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	A full schedule of payments was submitted for Internal Audit. The payments are submitted to the council for payment authorisation I have asked for a selection of invoices to check that payments and recording are correct and reported to council.
Where applicable, are internet banking transactions properly recorded and approved?	Yes	Internet bank procedures are in place and are in accordance with the council's Financial Regulations. Authorisation is given at full council meetings. The payments a prepared by the RFO and authorised by 2 members of the council.
Is VAT correctly identified, recorded, and claimed within time limits?	Yes	The VAT is recorded in the ledgers. There has been no VAT reclaim for the financial year 2024/2025. Although the current VAT account shows a balance of £68.20.
Has the Council adopted the General Power of Competence (GPOC) and is there evidence this is being applied correctly? <sup>2</sup>	No	The council does not have General Power of Competence
Are payments under s.137 <sup>3</sup> separately recorded, minuted and is there evidence of direct benefit to electorate?	N/A	The council did not make any s137 payments in 2024/2025

<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.

Where applicable, are payments of interest and principal sums in respect of loans paid in accordance with agreements?	N/A	The council has no outstanding loans
<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	The Risk Financial Risk Assessments was reviewed and adopted 13 <sup>th</sup> May 2024 The Risk Assessments are comprehensive and adequately highlight the risks the council has identified.
<i>Is there evidence that risks are being identified and managed?</i>	Yes	There is evidence that the risks are managed effectively, they are reviewed on an annual basis.
<i>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?</i>	Yes	The council has insurance cover provided by ANSVAR Policy Number ACY 2408349 <ul style="list-style-type: none"> <li>• Public Liability £10m</li> <li>• Employers Liability £10m</li> <li>• All Risks Operative – Specific £2,000</li> <li>• Fidelity Guarantee Operative – Specific £25k</li> <li>• Trustees and Directors Indemnity - £500k</li> </ul>
<i>Evidence that internal controls are documented and regularly reviewed<sup>4</sup></i>	Yes	The council have adopted Internal Controls for the year ended 31 <sup>st</sup> March 2025. The document is comprehensive and is accordance with Regulation 6 of the Accounts and Audit Regulations 2015. The document confirms that

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

		the financial and management systems are robust, and that the council understands its internal control obligations. The Internal Controls were reviewed and adopted 13 <sup>th</sup> May 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 appointment<sup>5</sup></i>	Yes	The council has confirmed the scope and effectiveness of the Internal Audit process, at the meeting of the council at the council meeting 24 <sup>th</sup> March 2025 minute 13a, members agreed to appoint Suffolk Association of Local Council as Internal Auditor for the year 2024/2025.
<b>Additional comments:</b>		

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<sup>5</sup> Practitioners Guide

<b>Section 5 – Budgetary controls</b> 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 for the year 2024/2025 was approved by the council 22nd January 2024. The council budgeted for the sum of £4,800.61 it was noted that the budget would be covered by <ul style="list-style-type: none"> <li>• Precept - £5,400</li> <li>• Bank Interest £6.60</li> <li>• VAT 0</li> <li>• UK Power Networks – Wayleave £36.23</li> <li>• East Suffolk Council – Grant - £197.00</li> </ul> The budget is projected to realise a surplus of £839.22 to carried over to reserves.
Verify that the precept amount has been agreed in full Council and clearly stated in the minutes.	Yes	At the full council of 22nd January 2024 minute, no 12, the council agreed to request from East Suffolk District Council the sum of £5,400 which represented an increase of 5.3%. The request and increase is clearly identified in the minutes.
Regular reporting of expenditure and variances from budget	Yes	Expenditure and Income variances are reported to all council meetings
Reserves held – general and earmarked <sup>6</sup>	Yes	The general reserve of £1,610.90 is adequately reported. The earmarked reserves of £7,750 are clearly itemised on the reserves schedule. They include:

<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



		<ul style="list-style-type: none"><li>• Village Hall maintenance £500</li><li>• Highways maintenance £1,500</li><li>• Possible elections £1,500</li><li>• Replace IT system £1,250</li><li>• Anticipation of legal fees £1,250</li></ul>
<b><i>Additional comments:</i></b>		

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	The income is recorded in accordance with the councils Financial Regulations. The Clerk/RFO has insured that recording is in accordance with proper practises and records show day to day recording.
Is income reported to full council?	Yes	Income received is recorded and reported to all full council meetings and are clearly stated in the minutes.
Does the precept recorded agree to the Council Tax Authority’s notification?	Yes	The precept was paid by East Suffolk Council in one tranche on 30 <sup>th</sup> April 2025 and reported to the council meeting 13 <sup>th</sup> May 2025
If appropriate, are CIL reporting schedules in accordance with the Regulations? <sup>7</sup>	N/A	Th council did not receive any CIL payments in the financial year 2024/2025. The council did not make any CIL payments in 2024/2025. The CIL account shows a Nil balance.
Is CIL income reported to the council?	N/A	
Does unspent CIL income form part of earmarked reserves?	N/A	
Has an annual report been produced?	N/A	
Has it been published on the authority’s website?	N/A	
Additional comments:		

<sup>7</sup> Community Infrastructure Levy Regulations 2010

<b>Section 7 – petty cash</b> 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.		
<b>Evidence</b>		<b>Internal auditor commentary</b>
<i>Is petty cash in operation?</i>	<i>No</i>	The council does not have a petty cash policy and does not use petty cash.
<i>If appropriate, is there an adequate control system in place?</i>	<i>N/A</i>	
<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	The council has one employee on its payroll. The council has agreed terms and conditions. I have not seen a copy of the contract of employment. The clerk's salary has been agreed by full council and payments are made by BACs in accordance with the councils Financial Regulations. The council uses NALC guidelines to set salary levels. The council does not operate a minimum wage policy.
<i>Has the Council approved salary paid?</i>	Yes	
<i>Minimum wage paid?</i>	No	
<i>Are arrangements in place for authorising of the payroll and payments to the council? Does this include a verification process for agreeing rates of pay to be applied?</i>	Yes	There are adequate payroll arrangements in place which ensures the accuracy of the payments. PAYE and NIC is calculated within HMRC guidelines.
<i>Do salary payments include deductions for PAYE/NIC? Is PAYE/NIC paid promptly to HMRC?</i>	Yes	The Suffolk Association of Local Councils is contracted to carry out the payroll function, all payments are recorded and are approved by full council.
<i>Is there evidence that the Council is aware of its pension responsibilities? Are pension payments in operation?<sup>8</sup></i>	Yes	The council is aware of its pension responsibilities; the clerk has opted not to be part of the pension scheme.
<i>Have pension re-declaration duties been carried out</i>	Yes	The pension re-declaration was carried out and recorded Tuesday 30 <sup>th</sup> April 2024.
<i>Are there any other payments (e.g.: expenses) and are these reasonable and approved by the Council?</i>	Yes	The clerk submits a claim for expenses to the council for approval, payments are authorised by 2 members of the council.
<b>Additional comments:</b>		

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

<b>Section 9 – Asset control</b>		
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.		
<b>Evidence</b>		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 published on the council's website and has been available for Internal Audit. The net value of assets is listed as £443,700.97.
<i>Is the value of the assets included? (Note value for insurance purposes may differ)</i>	Yes	The Asset Register lists all the assets owned by the council. The Asset Register was updated and approved by full council 22 <sup>nd</sup> July 2024. For the year 2024/2025 it is noted that the estimated cost for the replacement of buildings and other structures is £432,938.00 The sum of £7,831 is correctly entered in section 2 2024/2025 AGAR
<i>Are records of deeds, articles, land registry title number available?</i>	Yes	
<i>Are copies of licences or leases available for assets sited at third party property?</i>	Yes	There is a lease agreement between Bromeswell Village Hall and Bromeswell Parish Council dated 6 <sup>th</sup> June 2018, the document is available for inspection.
<i>Is the asset register up to date and reviewed annually?</i>	Yes	The Asset Register is reviewed annually and is published on the council's website.
<i>Cross checking of insurance cover</i>	Yes	I have cross checked the Asset Register and the Insurance Cover, the indemnity level and an All-Risks category of the schedule is adequate. I note that the Village Hall is insured under a separate policy.
<b>Additional comments:</b>		

<sup>9</sup> Practitioners Guide

<b>Section 10 – bank reconciliation</b> 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	The bank reconciliations are completed regularly and presented to full council at all meetings. The reconciliation includes: <ul style="list-style-type: none"> <li>• Summary of balances</li> <li>• Details of bank balances</li> <li>• Summary of income and expenditure</li> <li>• Grant payment</li> </ul>
<i>Do bank balances agree with bank statements?</i>	Yes	There is only one account. The receipts and payments summary of 2024/2025 shows an end of year balance of £9,360.90. The bank reconciliation on 31 <sup>st</sup> March 2025 shows a balance of ££9,360.90.
<i>Is there regular reporting of bank balances at Council meetings?</i>	Yes	All bank balances are reported to all council meetings and published on the council's website. This demonstrates the robustness of internal controls.

Section 11 – year end procedures		
Evidence		Internal auditor commentary
<i>Are appropriate accounting procedures used?</i>	Yes	All appropriate accounting procedures have been used and are in accordance with Standing Orders and Financial Regulations
<i>Financial trail from records to presented accounts</i>	Yes	The accounts have been presented to the Internal Auditor for review and demonstrate a clear financial trail.
<i>Has the appropriate end of year AGAR<sup>10</sup> documents been completed?</i>	Yes	
<i>Did the Council meet the exemption criteria and correctly declared itself exempt?</i>	Yes	The council meets the exemption criteria. The council are submitting a Certificate of Exemption - AGAR 2024/2025 Form 2
<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 notice of Public Rights and Publication was posted 3 <sup>rd</sup> June 2024 The commencing date 3 <sup>rd</sup> June 2024 Completion date Friday 12 <sup>th</sup> July 2024
<i>Have the publication requirements been met in accordance with the Regulations?<sup>11</sup></i>	Yes	The council has complied with the requirements with the Accounts and Audit Regulations 2025. <ul style="list-style-type: none"> <li>• Notice the period for the exercise of public rights</li> <li>• Annual Internal Audit Report</li> <li>• Notice of Exemption Certificate – Form 2</li> <li>• Section 2 Accounting Statements</li> </ul>
<b>Additional comments:</b>		

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

<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 was considered and adopted at the council meeting 22 <sup>nd</sup> July 2024
<i>Has appropriate action been taken regarding the recommendations raised?</i>	N/A	The council noted that there were no issues to address.
<i>Has the Council confirmed the appointment of an internal auditor?</i> <i>Has the letter of engagement been approved by full council?</i>	Yes	At the meeting of the council held on 24 <sup>th</sup> March 2024, it was agreed to appoint Suffolk Association of Local Council as Internal Auditor for the year 2024/2025
<b>Additional comments:</b>		

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? <sup>12</sup>	N/A	An External Audit Report was not required for 2024/2025 as the council has an Income and Expenditure of less than £25,000 and is exempt
Has appropriate action been taken regarding the comments raised?	N/A	
<b>Additional comments:</b>		

<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	The Annual Meeting of the Council was held on Monday 13 <sup>th</sup> May 2024 Councillor Verity Brown was elected as Chair for the municipal year 2024/2025
<i>Is there evidence that Minutes are administered in accordance with legislation?</i> <sup>14</sup>	Yes	The minutes are recorded in accordance with the relevant legislation
<i>Is there a list of members' interests held?</i>	Yes	The list of members interests is listed on the East Suffolk Council website. There is a link to the ESC website on the council's website.
<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 duties
<i>Has the Transparency Code been correctly applied, and information published in accordance with current legislation?</i>	Yes	To ensure the compliance of the Transparency Code for smaller authorities (turnover not exceeding £25,000), the council is aware that the following should be published on the council's website: <ul style="list-style-type: none"> <li>• Standing Orders</li> <li>• Financial Regulations</li> <li>• Internal Auditors Report</li> <li>• List of Councillors</li> <li>• Items of Expenditure over £100</li> <li>• End of year accounts</li> <li>• Social Media Policy Annual Governance Statement</li> <li>• Asset Register</li> <li>• Data Protection Policy</li> </ul>

<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

<i>Has the Council registered with the Information Commissioner's Office (ICO)?<sup>15</sup></i>	Yes	The council is registered with the Information Commissioners Office Registration number ZA419666 expiry 20/06/2025
<i>Is the Council compliant with the General Data Protection Regulation requirements?</i>	Yes	Council has taken steps to ensure compliance with GDPR requirements. They continue to provide clear responsibilities and obligations of the council
<i>Has the Council published a website accessibility statement on their website in line with Regulations?<sup>16</sup></i>	Yes	The Accessibility Statement is published on the council's website
<i>Does the council have official email addresses for correspondence?<sup>17</sup></i>	Yes	The council uses for all communications .gov.uk email addresses
<i>Is there evidence that electronic files are backed up?</i>	Yes	The council backs up all data on a memory stick and a cloud-based storage platform
<i>Do terms of reference exist for all committees and is there evidence these are regularly reviewed?</i>	N/A	The council does not operate a committee system.
<b>Additional comments:</b>		

Signed: Alan Melton

Date of Internal Audit Visit: 6<sup>th</sup> May 2025

Date of Internal Audit Report: 6<sup>th</sup> May 2025

On behalf of Suffolk Association of Local Councils

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

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

<sup>17</sup> Practitioners Guide