Report to Hacheston 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 maintains an effective framework of financial administration and internal financial control.

1.2 By examination of the 2024/25 accounts and supporting documentation it was confirmed that the Clerk, in the role of the Council's Responsible Financial Officer (RFO), satisfactorily undertook the administration of the Council's financial affairs and produced financial management information to enable the Council to make well-informed decisions.

1.3 The Accounts prepared for the year 2024/25 confirm the following:

Total Receipts for the year:	*£10,325.70*
Total Payments in the year:	*£20,299.73*
Total Reserves at year-end:	*£26,962.69*

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

Balances at beginning of year (1 April 2024):	*Box 1:*	*£36,937*
Annual Precept 2024/25:	*Box 2:*	*£8,995*
Total Other Receipts:	*Box 3:*	*£1,331*
Staff Costs:	*Box 4:*	*£6113*
Loan interest/capital repayments:	*Box 5:*	*£0*
All Other payments:	*Box 6:*	*£14,187*
Balances carried forward (31 March 2025):	*Box 7:*	*£26,963*
Total cash/short-term investments:	*Box 8:*	*£26,963*
Total fixed assets:	*Box 9:*	*£13,743*
Total borrowings:	*Box 10:*	*£0*

1.5 Sections 1 and 2 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.

1.6 The following Internal Audit work was carried out on the adequacy of systems of internal control. Comments and the recommendations arising from the review are made below.

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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 22 May 2024. The first item of business was the Election of Chair, in accordance with the requirements of the Local Government Act 1972.

2.2 The Council has a Responsible Financial Officer (RFO) in post, Mrs Lydia Kindred having been appointed as Clerk/RFO at the Council's Extraordinary meeting on 31 October 2022 and confirmed as RFO and Webmaster at the meeting on 22 May 2024, when the Council's Examining Councillor and Council Representatives to outside bodies were also appointed.

2.3 The Council's **Minutes** are well presented and provide clear evidence of the decisions taken by the Council. The Council demonstrates good practice by publishing draft Minutes (prior to formal approval by the Council) to keep residents advised of Parish Council business. Each page of the Minutes is numbered consecutively and is signed/initialled by the person acting as Chair of the meeting at which the Minutes are approved.

2.4 **Standing Orders** are in place. They were reviewed and agreed at the meeting of the Council on 22 May 2024 with no changes required. 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.

2.5 **Financial Regulations** are similarly in place, the Council having adopted the Model NALC Financial Regulations at its meeting on 29 January 2025. A copy has been published on the Council's website. Revisions to the Model Financial Regulations were published by NALC on 13 March 2025 and these can be included in the Council's next review of the document

2.6 The Council is registered with the **Information Commissioner's Office** (ICO) as a Fee Payer/Data Controller for the provision of council services under Data Protection legislation (Registration ZA428414 refers, expiring 4 July 2025). The Clerk/RFO reported to Council on 22 May 2024 that she had received confirmation on 21 May 2024 from the ICO that the Council's contact details had been updated.

2.7 The Council has a Data Protection Policy in place and this was reviewed and approved at the meeting on 22 May 2024 to support compliance with the General Data Protection Regulations (GDPR).

2.8 At its meeting on 22 May 2024 the Council also adopted a Publication Scheme to assist compliance with the Freedom of Information legislation.

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2.9 At its meeting on 22 May 2024 the Council reviewed and re-adopted the Suffolk Local **Code of Conduct for Councillors**. (The Council had previously considered both the Local Government Associations' Model Code of Conduct and the Suffolk Code of Conduct and had agreed to re-adopt the Suffolk Code of Conduct).

2.10 Following her appointment as Clerk/RFO on 31 October 2022, Mrs Kindred populated a new website for the Council (now https://hacheston-pc.gov.uk/parish-council/) and successfully brought it into operation. The website is up-to-date and informative.

2.11 At its meeting on 24 July 2024 the Council considered comments from the Internal Auditor and NALC's recommendations regarding using gov.uk domain names and email addresses. The Council agreed to purchase a gov.uk domain name from Suffolk Cloud at a cost of £150 for two years. It was also agreed to purchase gov.uk mailboxes from Suffolk Cloud at a cost of £300 for 20GB of storage, with no limit on the number of addresses available. The Clerk/RFO confirmed to the Council on 27 November 2024 that the new official gov.uk email addresses for Councillors had been set up and Councillors were asked to complete the transition to these addresses.

2.12 A **Website Accessibility Statement** is listed on the home page of the Council's website, hosted by Suffolk Cloud, to assist in the 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** is well referenced and facilitates an audit trail to the paid invoices/vouchers and Bank Statements. Following some corrections to the Spreadsheet, it was found to be in good order and provides detailed evidence in support of the receipts and payments in the year. A sample of supporting vouchers, invoices and receipts was examined and found to be in order.

3.2 Payments made under the **Local Government Act 1972 Section 137** in the year of account are separately identified in the Cashbook and the End-of-Year Accounts. A total amount of £1,700.00 has been listed as being paid under Section 137 in the year 2023/24. **However, the donation of £100 to the Citizens Advice Bureau on 24 July 2024 can be made under Section 142 of the Act without having to resort to Section 137.**

3.3 The **Community Infrastructure Levy (CIL)** Fund Annual Report for the year 2023/24 was approved by the Council on 22 May 2024.

3.4 The Clerk/RFO has constructed a CIL Fund Annual Report for the year 2024/25. The Report displays a balance of £31,292.44 brought forward from previous years with £0 Receipts in the year. The Clerk/RFO has advised that £7,498.81 was spent in the year (leaving a year-end balance of £23,793.63, of which £2,260.26 has been committed to projects but not yet spent).

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3.5 Re-claims to HMRC are being made for VAT paid. A reimbursement of £196.45 VAT paid in the period 10 March 2023 to 31 January 2024 was received from HMRC on 28 February 2024. Similarly, a re-claim for £1,741.59 VAT paid in the period February 2024 to March 2025 was submitted to HMRC on 2 April 2025.

3.6 **An Analysis of Significant Variances** (explaining significant differences in receipts and payments between the years 2023/24 and 2024/25) has been prepared by the Clerk/RFO for publication on the Council's website**.**

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

4.1 The Clerk/RFO presents bank balances and completed bank reconciliations to meetings of the Council on a routine basis. The Council has in place a **Councillor Examining Officer,** who reviews and signs off the bank statements and bank reconciliation presented to Council meetings.

4.2 At the meeting on 24 January 2024 the Council agreed to open a Public Sector Deposit Fund (PSDF) account with the CCLA. Two Councillors were nominated to act as the authorised mandates on the account with the Clerk/RFO to be an authorised agent with viewing access. At the Council's meeting on 24 July 2024 the Clerk/RFO reported that the CCLA had confirmed safe receipt of the £25,000 to open the account.

4.3 Funds held in Barclays Bank are covered by the Financial Services Compensation Scheme (FSCS) deposit protection up to the amount of £85,000. The CCLA Public Sector Deposit Fund is not covered by the FSCS protection as it is a money market fund and considered an investment, not a bank account.

Recommendation 1: An addition should be made to the Risk Register to indicate that the CCLA Public Sector Deposit Fund is not covered by the Financial Services Compensation Scheme (FSCS) deposit protection.

4.4 At the year-end 31 March 2025 the bank statements for the Barclays Bank Community Account (£626.97), the Barclays Bank Business Premium Account (£218.04) and the CCLA Account (£26,117.68) 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 for the 2024/25 year are prepared on a Receipts and Payments basis and, following some amendments, were found to be in good order. Sample audit trails were undertaken and all was found to be in order.

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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 Statement of Internal Control was considered and adopted by the Council at its meeting on 22 May 2024 (Minute 13d refers). The Council considered it fit for purpose and confirmed compliance to the Statement,

6.2 The Council also considered and adopted the Financial Risk Assessment following one addition regarding the online banking service (Minute 13f refers).

6.3 The Physical Assets Risk Assessment was also reviewed and approved at the meeting on 22 May 2024 (Minute 13e refers).

6.4 The Council accordingly complied with the Accounts and Audit Regulations 2015 which require a formal review by the Full Council at least once a year of the effectiveness of the Council's system of internal control, which includes the arrangements for management of risk, with the review being Minuted accordingly.

6.5 **Insurance** was in place for the year of account. The insurance cover was considered by the Council on 22 May 2024 and considered fit for the Council's needs. The current Policy is provided by Ansvar Insurance at a cost of £446.37 and runs from 1 October 2024 to 30 September 2025.

6.6 The insurance policy includes cover for Public Liability and Employer's Liability (£10m. cover for each). The Fidelity Guarantee (Fraud and Dishonesty) cover stands at £50,000, 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 (i.e. to ensure that the Fidelity Guarantee insurance is adequate to cover the overall sums held by the Council at any one time).

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

Precept 2024/25: £8,995.00

Precept 2025/26: £10,040.00

7.1 The **Budget for the year 2024/25** was considered at the meeting of the Council on 15 November 2023 and a Precept of £8,995 agreed (Minute 12 refers),

7.2 Detailed financial reports were provided by the Clerk/RFO to meetings of the Council, including the financial accounts to the end of the month ended prior to the date of the meeting. At the meeting on 29 January 2025 the Council received the Forecast for 2024/25. It is good financial practice for Councillors to receive regular reports of the income and expenditure in the year compared against the budget. In this way, Councillors have the opportunity to receive sufficient information and data to make informed decisions and, specifically, will be in a position to identify any

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significant variations from budget and recommend any remedial action to be taken by the Council as necessary.

7.3 The Council also received a detailed **Budget for the year 2025/26** at its meeting on 29 January 2025, when a Precept of £10,040 for that year was agreed (Minute 8 refers).

7.4 The **Overall Reserves** at the year-end 31 March 2025 totalled £26,962.69 and the Clerk/RFO has advised the Internal Auditor that this consisted of:

CIL balance Restricted Reserve:	£23,793.63
Elections Earmarked Reserve :	£100.00
General Reserve:	£3,069.06

7.5 The General Reserve balance of £3,069.06 (30.5% or 3.6 months equivalent of the 2025/26 Precept) is marginally within the generally accepted position that non-earmarked revenue reserves should usually be between three and twelve months of Net Revenue Expenditure (the JPAG Proper Practices Guide, Items 5.34 refers).

8. Income Controls *(regarding sums received from Precept, Grants, Loans and other income).*

8.1 Receipts are being reported to the Council and listed in the Minutes of Council meetings. The Receipts of £10,325.70 recorded in the Cashbook Spreadsheet consisted of Precept (£8,995.00) and Interest Received (£1,330.70).

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

9.1 No Petty Cash is held; 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 The Council's Payroll Services were carried out by the Suffolk Association of Local Councils (SALC) during the year 2024/25 in accordance with HMRC requirements. The Council displays good practice in using the services of a third party to calculate Pay and PAYE amounts. SALC performs this service for a reasonable cost. A P60 End of Year Certificate for the Clerk/RFO was presented to the Internal Auditor.

10.2 Mrs Kindred was formally appointed by the Council at the meeting held on 31 October 2022. At the Council's meeting on 23 November 2022 Mrs Kirk signed two copies of her Contract of Employment (to take effect from 1 November 2022).

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10.3 At the meeting held on 25 September 2024 the Clerk advised that she would be asking SALC to reduce her weekly hours for Hacheston Parish Council by an hour as the workload had decreased and she was spending less time on the Parish Council.

10.4 Whilst national pay awards would be applied, the Council noted at the meeting on 16 May 2023 that the Clerk/RFO's pay Scale Point would remain the same until she has been in office for one year. Similarly, at the meeting on 22 May 2024 the Council agreed that the Clerk/RFO's Scale Point would remain the same until November 2024 when she will have completed another year's service.

10.5 At its meeting on 27 November 2024 the Council noted the National Pay Award for local government officers had been agreed by the NJC and NALC and, as per the Clerk/RFO's terms of contract, would be backdated to 1 April 2024

10.6 With regard to the legislation relating to workplace pensions, the Clerk/RFO confirmed to the Council at its meeting on 23 November 2022 that the re-declaration of compliance under the Pensions Act 2008 had been made, as required by the Pensions Regulator. 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 and was reviewed by the Council at the meeting held on 22 May 2024 with no changes made. It is good financial practice for the Asset Register to be presented to the Council each financial year to confirm and approve the entries in the Register.

11.2 As at 31 March 2025 the Asset Register displayed a total value of £9,834.83, unchanged from the value at the end of the previous year, 31 March 2024.

11.3 The Register complies with the current requirements which provide that each asset should be recorded at a consistent value, year-on-year. The Register records the original purchase cost (or a proxy cost where the original cost is not known).

11.4 The value of the Assets has been correctly placed in Box 9 of Section 2 of the 2024/25 AGAR.

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 Clerk/RFO provides financial reports to the Council including balances held at bank. Receipts and Payments are listed in the Minutes of the Council's meetings as part of the overall framework of financial control currently operating at the Council.

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12.2 On-line banking is in place. On-line payments are being managed by two nominated Councillors and the Clerk/RFO has view-only access, in accordance with that agreed by the Council at the meeting on 23 November 2022.

12.3 Paid invoices/vouchers are being initialled by Signatories. An individual payment reference is notated to each invoice/voucher to secure an audit trail to the payments listed in the Cashbook.

12.4 The **Internal Audit report for the previous year (2023/24)** was dated 18 May 2024 and was received and considered by the Council at its meeting on 22 May 2024.

12.5 The Internal Auditor for the year 2024/25 was formally appointed by the Council at its meeting on 22 May 2024 (Minute 15 refers).

13. External Audit *(Declaration of Exemption completed or recommendations put forward/comments made by External Audit following the annual review).*

13.1 An External Audit was required to be undertaken in respect of the year 2023/24. The External Auditor's Report was dated 12 August 2024 and was noted by the Council at its meeting on 25 September 2024. The Report raised no matters of concern.

13.2 The Clerk/RFO reported to the Council on 27 September 2024 that the Notice of Conclusion of Audit for 2023/24 had been placed on the noticeboard and website as required and had concluded the 2023/24 audit process.

13.3 As the higher of gross income or gross expenditure did not exceed £25,000 in the year of account ending 31 March 2025, the Council is able to certify itself exempt from a Limited Assurance Review under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015. The Council can accordingly prepare a Certificate of Exemption from a Limited Assurance Review for the year 2024/25, for submission within the due date to PKF Littlejohn LLP.

14. Publication Requirements.

14.1 Under the Accounts and Audit Regulations 2015 authorities must publish each year the following information on a publicly accessible website (by 1 July):

AGAR - Sections 1 and 2.
Notice of the Period for the Exercise of Public Rights/

14.2 The Internal Auditor was able to confirm that the documents were readily accessible on the Council's webpage:

https://hacheston-pc.gov.uk/parish-council/finances-and-end-of-year-documents/

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14.3 To be published following completion of the External Audit (no later than 30 September):

Notice of Conclusion of Audit
AGAR - Section 3
AGAR - Sections 1 and 2 (including any amendments as a result of the Limited Assurance Review).

14.4 The Clerk/RFO reported to Council on 25 September 2024 that the documents had been published as requited. The Internal Auditor was able to confirm that the documents relating to the year 2023/24 were readily accessible on the Council's webpage:

https://hacheston-pc.gov.uk/parish-council/finances-and-end-of-year-documents/

15. Additional Comments.

15.1 I would like to record my appreciation to the Council's Clerk/RFO, Mrs Lydia Kindred, for her assistance with the Internal Audit work undertaken.

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27 April 2025

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