

Report to Dennington 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 appropriate financial management information to enable the Council to make well-informed decisions.

1.3 The Accounts for the year confirm the following:

Total Receipts for the year: £13,139.98
Total Payments in the year: £12,907.04
Total Reserves at year-end: £19,684.99 (of which £16,370.07 is earmarked)

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

<i>Balances at beginning of year (1 April 2024):</i>	<i>Box 1: £19,452</i>
<i>Annual Precept 2024/25:</i>	<i>Box 2: £11,175</i>
<i>Total Other Receipts:</i>	<i>Box 3: £1,965</i>
<i>Staff Costs:</i>	<i>Box 4: £4,625</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £8,282</i>
<i>Balances carried forward (31 March 2025):</i>	<i>Box 7: £19,685</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £19,685</i>
<i>Total fixed assets:</i>	<i>Box 9: £55,722</i>
<i>Total borrowings:</i>	<i>Box 10: nil</i>

1.5 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.

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

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

2.2 At the meeting on 3 June 2024 the Council formally re-appointed Mrs Lydia Kindred as the Council's Responsible Financial Officer (RFO), the Examining Councillor and Councillors to act as the Council's Representatives.

2.3 The Council has Standing Orders in place. They were reviewed and approved by the Council without change at its meeting on 3 June 2024. 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.**

2.4 Financial Regulations are in place and were reviewed, updated and approved by the Council at its meeting on 10 March 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.**

2.5 The Council's Minutes are well presented and provide clear evidence of the decisions taken by the Council in the year.

2.6 The Council demonstrated good practice by appointing an Examiner Councillor at its meeting on 3 June 2024. The bank statements and bank reconciliations are reviewed by the Examining Officer at meetings of the Council.

2.7 The Council also displays good governance practice having resolved (at its meeting on 18 November 2019) that policies requiring annual review will be brought to Council by the Clerk/RFO for review at the Annual Meeting of the Parish Council in May each year in order to minimise the chance of policies being overlooked if reviewed at different meetings throughout the year. The review was completed by the Council at the Annual Meeting held on 3 June 2024.

2.8 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 ZA116681, expiring 20 May 2025). At the meeting on 3 June 2024 the Council reviewed and approved the Data Protection Policy and Councillors were reminded of the need to password-protect any device that includes Council

emails and to periodically delete emails with personal data in them that are no longer needed.

2.9 The Council re-adopted the Local Government Association (LGA) Model Councillor Code of Conduct at its meeting on 3 June 2024. The Code details the requirements and responsibilities placed upon each individual Councillor. A copy of the Code has been published on the Council's website.

2.10 A Website Accessibility Statement has been published by the website host Suffolk Cloud on the Council's website to assist compliance with the Website Accessibility Regulations. The Council reviewed the Statement at its meeting on 3 June 2024 and considered it fit for the Council's needs.

2.11 NALC has recommended local councils to consider registering their website with an official .gov.uk domain name with councillor email addresses linked to that domain name. On 1 July 2024 the Council agreed adopt a .gov.uk domain name. On 4 November 2024 the Council agreed to ask the web provider to complete the domain switch and to sign up to the two-year package for hosting gov.uk email addresses. The domain name of dennington-pc.gov.uk is now in place.

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 Bank Statements, on-line payments and the financial information prepared by the Clerk/RFO. A sample of payments was examined with the supporting invoices and vouchers and all was found to be in order.

3.2 VAT payments are tracked and separately identified. Reclaims for VAT paid are regularly submitted to HMRC. The Clerk/RFO reported to Council on 10 March 2025 that a VAT claim had been submitted for the period up to 28 February 2025. The re-claim for £117.56 for the VAT paid in the period 1 February 2024 to 28 February 2025 was received at bank on 13 March 2025.

3.3 Local Government Act 1972 (Section 137) payments are separately recorded within the Cashbook Spreadsheet. The Council is able to make donations to advisory organisations, including those to the Citizens Advice Bureau, under Section 142 (2A) of the Act without having to resort to Section 137.

3.4 The Clerk/RFO has constructed a CIL Report for 2024/25 which displays a balance of £3,095.02 brought forward from the previous year. Receipts of £0 were recorded in the year with £3,095.02 applied in the year on the new playground equipment. The balance of CIL receipts as at 31 March 2025 is accordingly displayed as £0. A copy of the CIL Annual Report for 2024/25 has to be published on the Council's website and submitted to the District Council no later than 31 December 2025.

3.5 An 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 publication on the Council's website.

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

4.1 Bank Reconciliations are routinely presented to the Council and signed in verification by the Examining Councillor.

4.2 The bank statements as at 31 March 2025 for the Barclays Current Account (£1,432.24), Barclays Saver Account (£3,874.01) and Barclays Equipment Account (£14,708.74) reconciled with the End-of-Year accounts and agreed with the overall Bank Reconciliation after taking into account the payment of £330 to Suffolk Cloud that had not been cleared from the Current Account at that date (the Clerk/RFO confirmed that the amount cleared the bank account on 3 April 2025).

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. A number of corrections had to be made during the course of the audit, following which all was found to be 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 At the meeting on 3 June 2024 the Council's Statement of Internal Control was reviewed and considered to be effective and fit for purpose (Minute 14d refers).

6.2 The Council's Risk Assessment for Physical Assets was also reviewed by the Council on 3 June 2024 and agreed with no changes required (Minute 14e refers).

6.3 The Financial Risk Assessment was also reviewed, an addition agreed and the document approved (Minute 14f refers). The Financial Risk Assessment displays each risk identified, the risk level (H,M or L) and the action taken to manage/mitigate the risks involved. The Risk Assessment document has been published on the Council's website.

6.4 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.

6.5 Insurance was in place for the year of account. The Finance Committee reviewed the insurance cover at its meeting on 14 August 2024 and recommended continuation of cover with Zurich Insurance. At its meeting on 2 September 2024 the Council approved the insurance renewal quotation with Zurich at a cost of £584.11 for the period 1 October 2024 to 30 September 2025.

6.6 A separate insurance policy was taken out by the Council for the Kubota mower for the period 29 April 2024 to 28 April 2025 at a cost of £219.95 to Robins Row (insurance brokers) for mower insurance.

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

Precept 2024/25: £11,175

Precept 2025/26: £12,250

7.1 A Draft Budget 2024/25 was considered by the Council at its meeting on 13 November 2023. The Final Budget and Precept for 2024/25 were agreed in Full Council and the Precept decision and amount have been clearly Minuted (Council's meeting on 8 January 2024, Minute 11 refers).

7.2 A Draft Budget for 2025/26 was reviewed by the Council on 4 November 2024. The final Budget and Precept for 2025/26 were agreed in Full Council and the precept decision and amount has been clearly Minuted (Council's meeting on 6 January 2025, Minute 10 refers).

7.3 Examination of the accounts and supporting documentation confirmed that the Council prepared detailed estimates of the annual budget and of receipts and payments. The estimates for 2024/25 were used effectively for financial control and budgetary control purposes during the year. The Council received and noted reports detailing the Receipts and Payments in the year to date compared to the budget.

7.4 The Clerk/RFO ensures the Council is aware of its responsibilities and commitments and the need for adequate reserves. The Clerk/RFO provides Councillors with sufficient information to make informed decisions. At the meeting on 2 September 2024 the Council noted the year-to-date Receipts and Payments Account.

7.5 As at 31 March 2025 the Council's Overall Reserves stood at £19,684.99, of which £16,370.07 had been Earmarked, as follows:

Equipment Fund/Mower:	£14,659.07
Asset Maintenance:	£1,500.00
Jubilee Fund:	£211.00

7.6 The General Reserves (the Overall Reserves less the Earmarked /Restricted Reserves) were accordingly £3,314.92 (27% or 3 months equivalent of the 2025/26 Precept) and marginally in line with the generally accepted best practice, which is that non-earmarked revenue reserves should usually be between three and twelve months of Net Revenue Expenditure (the JPAG Proper Practices Guide, Item 5.34 refers).

7.7 As at 31 March 2025, the Council maintained sufficient Overall Reserves and Contingency sums to meet, within reason, any unforeseen items of expense.

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

8.1 Receipts are reported to Council and recorded in the Minutes of the Council's meetings. Receipts totalling £13,139.98 were recorded in the Cashbook Spreadsheet consisted of Precept (£11,175), Wayleave (£11.50), Grants (£1,561.02), VAT repayment from HMRC (£117.56) and bank Interest (£274.90).

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 out for expenses incurred.

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

10.1 Payroll Services are being operated by the Suffolk Association of Local Councils (SALC) in accordance with HMRC requirements. Detailed payslips are produced. PAYE is in operation with payments being made to HMRC. A copy of the End-of-Year Certificate P60 for the Clerk/RFO was presented to Internal Audit. 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.

10.2 A Contract of Employment is in place under which the Clerk/RFO is paid for 5 hours per week.

10.3 At its meeting on 22 May 2023 the Council formally agreed that the Clerk/RFO's salary should be based on the NALC scale range of LC2 substantive benchmark (SCPs 24-28) starting at the SCP band rate of 24, the new pay commencing from 1 June 2023.

10.4 At its meeting on 4 November 2024 the Council was advised by the Clerk/RFO of the 2024/25 national salary award to local government officers and noted that the new rates of pay under the NJC/NALC agreement are to be backdated to 1 April 2024. The back pay was included in the salary payment for the Quarter ending 31 December 2024.

10.5 With regard to the legislation relating to workplace pensions, at its meeting on 15 July 2019 the Council noted that in accordance with its pension obligations as an employer, the Chairman had written to the Clerk/RFO to invite her to pay into a voluntary pension scheme. The Clerk/RFO chose not to participate at that time.

10.6 The Clerk/RFO confirmed that a re-declaration of compliance under the Pensions Act 2008 had been submitted to the Pensions Regulator in October 2023. 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 Assets Register is in place and was reviewed by the Council at its meeting on 3 June 2024. The Council noted that some of the assets on the Register have been disposed of and the Clerk/RFO would update the Register and circulate to Councillors. The amended Register was received and agreed by the Council at its meeting on 1 July 2024.

11.2 The Asset Register displays a total value of £55,722 as at 31 March 2025, a reduction of £3,866 from the value of £59,588 as at the end of the previous year, 31 March 2024 and reflects the removal of the following items:

- Bench: £560
- Grass Cutting machine: £2,491
- 2 Picnic Benches: £400
- Lawn Mower (from 2009): £415

11.3 The value recorded in the Asset Register as at 31 March 2025 has been correctly placed in Box 9 of Section 2 of the 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. Identifying VAT payments and re-claims. Any previous audit recommendations implemented*).

12.1 The Council has satisfactory internal financial controls in place. Councillors are provided with information to enable them to make informed decisions. The Clerk/RFO provides financial reports to Council meetings, including details of bank statements and bank reconciliations. The banking mandates for Councillors and the Clerk/RFO were confirmed at the Council's meeting on 10 March 2025.

12.2 The Council demonstrates good financial practice through the appointment of an Examining Councillor who undertakes routine examination of bank statements and confirmation of the bank reconciliations prepared by the Clerk/RFO.

12.3 Bank statements and bank reconciliations are reviewed by the Council and by the Examining Councillor and Minuted to evidence that the action has taken place.

12.4 Receipts and Payments are listed in the Council's Minutes as part of the overall financial control framework. The Clerk/RFO presents to the Council the Year-to-Date Receipts and Payments Account and Reserved Funds details.

12.5 The Council operates on-line banking. The Clerk/RFO confirmed that the Council operates payments in accordance with the procedure agreed by the Council with nominated Councillors having access to online banking and all payments being authorised by two mandates. The Clerk/RFO sends the approved invoices to the Councillor mandates, one of whom would initiate the online payments to be authorised by the second Councillor mandate.

12.6 The Clerk/RFO confirmed that she is able to make payments for the Council in the event of the payment being to one of the two Councillors who can use online banking or if one of them is away.

12.7 In addition, the audit confirmed that (a) Cashbook reference numbers are noted on the paid invoices/vouchers to assist the verification of the payment and (b) Invoices/vouchers for payment are signed or initialled by the Signatories in confirmation of the payment being correctly made.

12.8 The Council considered the Internal Audit report for the previous year (2023/24) at the meeting held on 3 June 2024. There were no issues of concern raised in the report.

12.9 The Internal Auditor for the 2024/25 year was appointed by the Council at the meeting held on 3 June 2024.

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

13.1 Under the provisions of the Transparency Code, Dennington Parish Council can be designated as a 'Smaller Council'.

13.2 The Council's website is: *dennington-pc.gov.uk*

13.3 Smaller Councils should publish on their website:

- a) *All items of expenditure above £100*. Payments included within published Minutes of Council meetings.
- 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: 2023/24 within 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.

13.4 The Council is in compliance with the Transparency Code.

13.5 The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 required 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 a 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 and the Details of the person making the announcement. However, the month within public access commenced had not be entered into the document and could have given rise to a misunderstanding.

13.6 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.

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

14.1 An External Audit was not required in the year 2023/24. At its meeting on 3 June 2024 the Council agreed to complete the Certificate of Exemption from a Limited Assurance Review for that year. The Clerk/RFO reported to Council on 2 September 2024 that the External Auditors had confirmed their receipt of the Certificate of Exemption for the year ending 31 March 2024, which accordingly concluded the 2023/24 external audit requirements.

14.2 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.

15. Additional Comments.

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

Trevor Brown

Trevor Brown, CPFA

Internal Auditor

29 April 2025