

Report to Somersham Parish Council

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

1. Introduction and Summary.

1.1 The Internal Audit for the year 2024/25 confirmed that the Council maintains efficient governance arrangements including a robust and effective 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 as the Council's Responsible Financial Officer (RFO), undertakes the administration of the Council's financial affairs at a high standard and produces financial management information to enable the Council to make well-informed decisions. The Council's documentation and information were very well presented by the Clerk/RFO for the internal audit.

1.3 The Accounts for the year confirm the following:

Total Receipts for the year: £19,640.95
Total Payments in the year: £29,860.52
Total Reserves at year-end: £74,658.20

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):

<i>Balances at beginning of year (1 April 2024):</i>	<i>Box 1: £84,878</i>
<i>Annual Precept 2024/25:</i>	<i>Box 2: £18,442</i>
<i>Total Other Receipts:</i>	<i>Box 3: £1,199</i>
<i>Staff Costs:</i>	<i>Box 4: £4,165</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £25,695</i>
<i>Balances carried forward (31 March 2025):</i>	<i>Box 7: £74,659</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £74,659</i>
<i>Total fixed assets:</i>	<i>Box 9: £14,664</i>
<i>Total borrowings:</i>	<i>Box 10: £0</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. 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 took place on 1 May 2024. The first item of business was the Election of a Chair, as required by the Local Government Act 1972. The appointment of representatives to outside bodies was made at the meeting.

2.2 The Council has a Responsible Financial Officer (RFO) in place, Mrs Jennie Blackburn having been formally appointed at the meeting held on 3 November 2021.

2.3 Standing Orders are in place. The Council reviewed and adopted the Standing Orders at its meeting on 5 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 and those amendments can be included at the Council's next review of Standing Orders.

2.4 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 2 April 2025 when the minor amendments at Section 5 – Procurement, were approved and adopted. A copy has been published on the Council's website.

2.5 The Council resolved to adopt the General Power of Competence (GPoC) at its meeting on 10 May 2023. Having declared that it was an eligible Council to use the GPoC, having at least two-thirds elected Councillors and a suitably qualified Clerk, the adoption of the Power was agreed (Minute SPC040/23/24 refers). The GPoC continues until the full Council election in May 2027.

2.6 The Council's Minutes provide clear evidence of the decisions taken by the Council and are very well presented. 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.

2.7 The Council is registered with the Information Commissioner's Office (ICO) as a Fee Payer/Data Controller for the provision of council services (Registration ZA226040, expiring 11 January 2026). To assist in meeting the requirements of the General Data Protection Regulations (GDPR) the Council maintains a Data Protection Policy and Document Retention Policy (both of which were reviewed and approved by the Council at its meeting on 5 March 2025).

2.8 To support the Council's compliance with the Freedom of Information (FOI) legislation, at its meeting on 5 March 2025 the Council considered and adopted a Publication Scheme which details the information being made available to the public.

2.9 A number of other Policies and Procedures have been adopted by the Council including an Equal Opportunities Policy and a Complaints Procedure which were reviewed and approved by the Council at its meeting on 1 November 2023. Both Policies are published on the Council's website.

2.10 At the meeting on 4 May 2022 the Council 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 Code has been published on the Council's website.

2.11 The Council demonstrates good practice by publishing a Website Accessibility Statement in accordance with the website accessibility regulations. The Statement details what the Council has done to ensure that as many people as possible are able to use the website, any areas of the website that may not be fully accessible and contact details to report accessibility problems.

2.12 The Council has yet to register under an official .gov.uk domain name with the Clerk/RFO and Councillor email addresses linked to that domain name. Parish councils should generally register under a .gov.uk domain name, not a .co domain. The .gov.uk domain is specifically for public sector organisations like town and parish councils. Whilst this is not yet a legal requirement the benefits for parish councils include having:

- the trusted and professional .gov.uk brand that people will recognise
- increased transparency and security compared to personal email accounts
- the ability to manage email accounts by removing staff when they leave
- easy access to staff email accounts to fulfil FOI obligations
- continuous central government monitoring for potential security vulnerabilities.

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 provides an audit trail to the Bank Statements and the financial information prepared by the Clerk/RFO. A sample of transactions was closely examined and all was found to be in order.

3.2 Re-claims for VAT paid are being submitted to HMRC. A re-claim to HMRC for the £257.39 VAT paid during the period 1 April 2023 and 31 March 2024 was submitted on-line to HMRC on 3 April 2024 and received at bank on 17 April 2024. Similarly, a re-claim for £144.62 VAT paid during the period 1 April 2024 and 31 March 2025 was submitted on-line to HMRC on 14 April 2025.

3.3 The Community Infrastructure Levy (CIL) Annual Report for the year ended 31 March 2025 has been prepared by the Clerk/RFO. The Report displays the balance of £62,678.45 brought forward from previous years, £0 CIL Receipts in the year and spending of £17,768.00 on projects in the year, as follows:

Community Shop Car Park Resurfacing:	£9,962.00
New Football Pavilion Project – Professional Fees:	£4,158.00
Tennis Court resurfacing:	£3,648.00

A balance of £44,910.45 is accordingly recorded as retained at the end of the year in the CIL Account as a Restricted Reserve.

3.4 A Statement 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 The Clerk/RFO presents the Council's current financial position to meetings of the Council including the balance on the accounts and a bank reconciliation.

4.2 As at 31 March 2025 the Barclays Bank statements totalled £74,658.20 and consisted of the Business Current Account (£5,908.62), the Business Premium Savings Account (£22,039.58) and the Business Premium (CIL) Savings Account (£46,710.00). The Statements reconciled with the End-of-Year accounts and agreed with the overall Bank Reconciliation.

4.3 The Business Premium (CIL) Savings Account standing at £46,710.00 includes interest accrued (which is not required to be reported within the Annual CIL Report to the District Council).

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 and Risk Management arrangements were reviewed and approved by the Council at its meeting on 5 March 2025 (Minute SPC226/24/25a refers). The Financial Risk Assessment and Statement of Internal Control document for the year ending 31 March 2025 provides detailed analysis of the financial and other risks faced by the Council (designated H, M or L) and the control measures in place to mitigate the risks identified.

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 Insurance was in place for the year of account. The insurance premium payment of £486.65 to CAS Business Services was authorised on 2 October 2024. The cover is provided by Ansvar Insurance and runs from 1 October 2024 to 30 September 2025. Both the Employer's Liability cover and the Public Liability cover stand at £10m. The Fidelity Guarantee cover of £100,000 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.

6.4 The Clerk/RFO confirmed to the Internal Auditor that the insurance policy currently in place has been checked against the Asset Register and adequately covers all relevant Assets.

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

Precept 2024/25: £18,442 (Minute SPC157/23/24e refers).

Precept 2025/26: £18,422 (Minute SPC/183/24/25e refers).

7.1 Draft Budgets for 2024/25 were considered and approved by the Council at its meetings on 1 November 2023 and 6 December 2023. The Final Budget was agreed by the Council at its meeting on 3 January 2024 and a Precept of £18,442 was approved. The precept decision and amount have been clearly Minuted.

7.2 A Draft Budget for 2025/26 was considered and approved by the Council at its meeting on 4 December 2024. At the meeting on 8 January 2025 the Council approved the Final Budget 2025/26 and agreed a Precept of £18,422 for 2025/26. The precept decision and amount have been clearly Minuted.

7.3 The Clerk/RFO ensures the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves. The Council has sound budgetary procedures in place. 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.

7.4 Budget Monitoring Reports are presented by the Clerk/RFO to meetings of the Council in order to meet the Council's budgetary control responsibilities.

7.5 As at the 31 March 2025 the Overall Reserves (rounded) total of £74,659 includes £56,710 of Restricted/Earmarked Reserves as follows:

CIL Funds Restricted Reserve:	£44,910
Planned Projects:	£11,800

7.6 The General Reserves (Overall Reserves less Earmarked/Restricted Reserves) as at 31 March 2025 accordingly total £17,949 and are in line with 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, Item 5.34 refers).

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

8.1 Receipts totalling £19,640.95 were recorded in the Cashbook Spreadsheet and consisted of Precept (£18,442), VAT reclaim (£257.39) and Bank Interest (£941.56),

8.2 The Receipts were cross referenced on a sample basis with the Council's Bank Statements and were found to be in good 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. Transparency Code (*Compliance for smaller councils with income/ expenditure under £25,000*).

10.1 Under the provisions of the Transparency Code, Somersham can be designated as a 'Smaller Council'.

10.2 The Council's website is: <https://www.somersham.suffolk.cloud/>

10.3 Smaller Councils should publish on their website:

- a) *All items of expenditure above £100.* Payments published in Minutes of the Council.
- 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 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.

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

10.5 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 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 and the Details of the person making the announcement.

10.6 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 being easily accessible on the Council's website.

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

11.1 The Council's Payroll Services are being operated by the Suffolk Association of Local Councils (SALC) in accordance with HMRC requirements. PAYE is in operation and detailed pay slips are being produced. The P60 End of Year Certificate 2024/25 for the Clerk/RFO was presented to the Internal Auditor.

11.2 A Contract of Employment dated 3 November 2021 is in place between the Council and the Clerk/RFO and confirms that the employment commenced on 3 November 2021 with a starting salary at SCP 22 for (normally) 21 hours per month. A monthly Office Allowance is payable to the Clerk/RFO in accordance with the amount recommended by the SALC. These terms and conditions remained in place as at 31 March 2025.

11.3 At the meeting on 6 November 2024 the Council noted the national pay award 2024/25 for local government officers and agreed that this would apply to the salary of the Clerk/RFO and would be backdated to 1 April 2024.

11.4 The Council completed a re-declaration of compliance to the Pensions Regulator on 13 February 2024 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).

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

12.1 An Asset Register is in place and was reviewed and approved by the Council on 1 May 2024. The total value of £14,664 as at 31 March 2025 remained unchanged from the value at the end of the previous year, 31 March 2024.

12.2 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 proxy value or nominal value in appropriate cases. The value has been correctly entered into Box 9 of Section 2 of the AGAR.

13. 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*).

13.1 The Council has satisfactory internal financial controls in place. The Clerk/RFO provides financial reports to Council meetings. Councillors are provided with information to enable them to make informed decisions. The Council receives details

of the financial position of the Council, including the balance of the accounts, bank reconciliations, payments for authorisation and receipts since the last meeting.

13.2 Receipts and payments are listed in the Council's Minutes as part of the overall financial control framework.

13.3 The Clerk/RFO confirmed to the Internal Auditor the procedure in place where payments are made through electronic means/internet banking. The Clerk/RFO is the Service Administrator who initiates payments and is one of the two signatories that Barclays Bank require. Nominated Councillors act as the second authoriser. No cheques were prepared in the year of account.

13.4 The Internal Audit Report for the previous year, 2023/34, was received and noted by the Council at its meeting on 1 May 2024. The Report raised no issues of concern.

13.5 The Internal Auditor for the 2024/25 year was appointed by the Council at the meeting held on 5 March 2025.

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 as the higher of gross income or gross expenditure did not exceed £25,000 in the year of account. At its meeting on 1 May 2024 the Council approved the signing of the Certificate of Exemption from a Limited Assurance Review (Minute SPC34/24/25g refers).

14.2 At its meeting on 5 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.

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 would particularly commend the Clerk/RFO for the excellent presentation of the documents for the audit.



Trevor Brown, CPFA

Internal Auditor

1 May 2025