

Report to Three Saints South Elmham Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2026

1. Introduction and Summary.

1.1 The Internal Audit work undertaken confirmed that during the 2025/26 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 efficient systems of financial administration and internal financial control.

1.2 By examination of the 2025/26 accounts and supporting documentation it was confirmed that the Clerk, in the role as the Council's RFO, satisfactorily undertook the administration of the Council's financial affairs and produced satisfactory financial management information to enable the Council to make well-informed decisions.

1.3 The Accounts for the year confirm the following:

<i>Total Receipts in the year:</i>	£4,679.04
<i>Total Payments in the year:</i>	£4,393.12
<i>Total Balances at year-end:</i>	£6,135.66

1.4 The following figures were agreed with the Clerk/RFO for inclusion in the AGAR Section 2 Accounting Statements 2025/26 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2025):</i>	Box 1: £5,850
<i>Annual Precept 2025/26:</i>	Box 2: £3,800
<i>Total Other Receipts:</i>	Box 3: £879
<i>Staff Costs:</i>	Box 4: £2,276
<i>Loan interest/capital repayments:</i>	Box 5: £0
<i>All Other payments:</i>	Box 6: £2,117
<i>Balances carried forward (31 March 2026):</i>	Box 7: £6,136
<i>Total cash/short-term investments:</i>	Box 8: £6.136
<i>Total fixed assets:</i>	Box 9: £12,126
<i>Total borrowings:</i>	Box 10: £0

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 2025/26 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 took place on 14 May 2025. The first item of formal business was the Election of a Chairman, as required by the Local Government Act 1972.

2.2 Standing Orders are in place and were reviewed and re-adopted by the Council at its meeting on 11 March 2026. The Standing Orders are based upon the model template published by the National Association of Local Councils (NALC). A copy has been published on the Council's website.

2.3 Financial Regulations are in place. The Regulations were reviewed by the Council at the meeting held on 11 March 2026. The Regulations are based upon the model template published by NALC. A copy has been published on the Council's website.

2.4 The Council's Minutes are well presented, sequentially numbered and provide clear evidence of the decisions taken by the Council in the year. The Clerk/RFO confirmed to the Internal Auditor that each page of the Minutes is signed/initialled by the person acting as Chair of the meeting at which the Minutes are approved.

2.5 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 ZA362897, expiring 21 May 2026, refers). The Council demonstrates compliance with the General Data Protection Regulations (GDPR) through the adoption and review of Data Protection policies, procedures and documentation, including a GDPR Policy, Privacy Notice, Data Information Audit and Subject Access Request and Procedure Policy (all reviewed and approved on 11 March 2026).

2.6 A Freedom of Information Policy and Publication Scheme is in place and was also reviewed by the Council on 11 March 2026 and published on the Council's website.

2.7 The Council demonstrates good practice by adopting and maintaining other formal policies and procedures, including a Biodiversity Policy, Financial Reserves Policy, Health and Safety Code of Practice, IT Policy, Online Banking Policy and a Strimmer Policy, all of which were reviewed and re-adopted by the Council at its meeting on 11 March 2026 and are published on the Council's website.

2.8 The Council also demonstrates good practice by periodically reviewing and re-adopting the Councillors' Code of Conduct, which details the requirements and responsibilities placed upon each individual Councillor. The Council considered and re-adopted the LGA Code of Conduct at the meeting held on 11 March 2026. A copy of the Code has been published on the Council's website.

2.9 The Annual Governance Statement (AGS) in the 2025/26 AGAR includes a new Assertion 10 covering digital and data compliance including requirements relating to email management and website accessibility. Key requirements in enabling a positive

response to Assertion 10 includes:

- Maintaining a generic email account on a council owned domain.
- Adoption of an IT Policy, covering IT equipment and data for authority business.
- Data Protection Policy in place to cover data handling and sharing.
- Appropriate technical and organisational measures in place to protect personal data (such as a Data and Electronic Retention Policy to provide for the storage of personal data).
- Control measures in place to ensure compliance with Data Protection Legislation (GDPR): (the Council's appointed Data Protection Officer can undertake data impact assessments to analyse, record and review the control measures in place).
- Compliance with current website accessibility regulations.

The Clerk/RFO has confirmed that the above requirements have been met to enable affirmation to Assertion 10 in the AGS and has completed a Data Protection Review Checklist to evidence that the Council has reviewed how it collects, processes, stores and disposes of personal data in accordance with the current data protection legislation.

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 good order and well presented. VAT payments are tracked and Local Government Act 1972 (Section 137) payments are clearly identified within the Cashbook. The Council provided Grants and Donations to the East Anglia Air Ambulance £85, the Community News Parish Magazine £180 and the RBL Bungay (£20) under the provisions of Section 137.

3.2 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. Supporting vouchers, invoices and receipts were examined on a sample basis and found to be in order.

3.3 Relatively small amounts of VAT are normally paid in a year. The re-claim to HMRC of £128.76 paid during the year 2024/25 is recorded as received on 7 April 2025 and was reported to Council at its meeting on 14 May 2025.

3.4 The Clerk/RFO has constructed a Community Infrastructure Levy (CIL) Report for 2025/26 which displays the amount of £0 brought forward from previous years with £0 CIL Receipts and £0 CIL amounts applied in the year 2025/26 with a balance of £0 carried forward as at 31 March 2026.

3.5 A Statement of Variances (explaining significant differences in receipts and payments between the years 2024/25 and 2025/26) 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 Unity Trust Bank Current Account was dated 31 March 2026 with a balance of £273.39. The Unity Trust Business Savings Account bank statement was also dated 31 March 2026 with a balance of £5,862.27. The overall amount held at bank as at 31 March 2026 was £6,135.66 and 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 Statement (including internal control arrangements and Internal Audit procedures) was reviewed and re-adopted by the Council at the meeting on 11 March 2026 (Minute 6k refers).

6.2 The Council's Risk Assessment and Risk Management documentation was also reviewed and re-adopted by the Council at its meeting on 11 March 2026 (Minute 6n refers). The document provides an analysis of both financial and non-financial risks faced by the Council and the control measures in place to mitigate the risks identified.

6.3 The Council accordingly complied with the Accounts and Audit Regulations 2015 which require 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.

6.4 Insurance was in place for the year of account. At its meeting on 10 September 2025 the Council approved the renewal payment of £339.46 to Community Action Suffolk Insurance. The current cover runs from 1 October 2025 to 30 September 2026 and is provided by Ansvar Insurance. Employer's Liability cover and Public Liability cover each stand at £10m. The Fidelity Insurance (Councillor/Employee Dishonesty) cover stands at £25,000, 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.

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

Precept 2025/26: £3,000 (Meeting on 13 November 2024, Minute 4d refers).

Precept 2026/27: £4,000 (Meeting on 12 November 2025, Minute 4b refers).

7.1 The Budget for the year 2025/26 and a Precept of £3,800 were considered and agreed by the Council at its meeting on 13 November 2024.

7.2 Similarly, the Budget for the year 2026/27 and a Precept of £4,000 were considered and agreed by the Council at its meeting on 12 November 2025.

7.3 The Precepts were accordingly agreed in Full Council and appropriate budget papers were prepared to ensure that Councillors have sufficient information to make informed decisions.

7.4 Good budgetary procedures are 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.

7.5 The estimates for 2025/26 were used effectively for financial control and budgetary control purposes with detailed budgetary position statements (budget reports) being presented to meetings of the Council.

7.6 The Clerk ensures the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves.

7.7 As at the 31 March 2026 the Council maintained sufficient reserves and contingency sums to meet, within reason, any unforeseen items of expense. The Overall Reserves at the year-end totalled £6,135.66, of which £4,235.62 has been earmarked as follows:

- (a) Common Maintenance (£2,600)
- (b) General Maintenance (£200)
- (c) Election (£966.62)
- (d) Strimmer (£469)

7.8 The General Reserve of £1,900.04 (Overall Reserves less Earmarked/Restricted Reserves) held at 31 March 2026 (47% or 5.7 months equivalent of the 2026/27 Precept) is in line with the generally accepted position that non-earmarked revenue reserves held should usually be between three and twelve months of net expenditure/Precept.

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

8.1 Receipts recorded in the Cashbook (totalling £4,679.04) consisted of the Precept (£3,800.00), Grants from ESC (£595), VAT re-claim (£128.76) and Bank Interest (£155.28).

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 online payments being made out 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, Three Saints South Elmham Parish Council can be designated as a 'Smaller Council'.

10.2 The Council's website is: <http://threesaints-pc.gov.uk>

10.3 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: 2024/25 AGAR Annual Return Section One.** Published on website.
- c) **End-of-Year accounts: 2024/25 AGAR Annual Return, Section Two.** Published on website.
- d) **Annual Internal Audit report within 2024/25 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 meeting the requirements of the Transparency Code.

10.5 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 2024/25 was readily accessible on the Council's website and displayed the Date of Announcement, Inspection Dates, 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 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 Clerk/RFO confirmed that the Council is registered with HMRC and the payroll is operated in accordance with HMRC requirements. A Contract of Employment for the Clerk/RFO is in place. A copy of the End of Year Certificate P60 for 2025/26 was presented to the Internal Auditor.

11.2 At the meeting on 10 September 2025 the Council noted the Clerk/RFO's Salary Award under the NJC national agreement, backdated to 1 April 2025.

11.3 With regard to the legislation relating to workplace pensions, the Council has declared to the Pensions Regulator its compliance in accordance with the requirements of the Pensions Act 2008. The next re-declaration of compliance is due no later than 4 December 2026 (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. The Register was reviewed and re-adopted by the Council at its meeting on 11 March 2026.

12.2 The Asset Register as at 31 March 2026 displays a value of £12,126, an increase of £462 over the value of £11,664 at the end of the previous year (31 March 2025) and reflects the acquisition of an Office Laptop in 2025/26.

12.3 The Register complies with the current requirements which provide that each asset should be displayed at a consistent value, year-on-year. The value as at 31 March 2026 has been correctly placed in 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 provides financial reports to Council meetings and Councillors are provided with information to enable them to make informed decisions.

13.2 A schedule of proposed payments and income received is presented to each Council meeting and listed in the Minutes as part of the Council's overall financial control framework in accordance with Financial Regulation (FR) 6.10 which provides that '*A detailed list of all payments shall be disclosed within or as an attachment to the minutes of that meeting.*'

13.3 FR 7.1 provides that '*the RFO shall be appointed as the Service Administrator. The bank mandate agreed by the council shall identify 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.*'

13.4 FR 7.4 et seq. provides that '*The Service Administrator (Clerk/RFO) 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 the authorised signatories. In the prolonged absence of the Service Administrator an authorised signatory shall set up any payments due before the return of the Service Administrator.*'

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

'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.'

'A full list of all payments made shall be provided to the next council meeting and appended to the minutes.'

13.5 The Clerk/RFO confirmed that the above Financial Regulations are being met.

13.6 The Internal Audit Report for the year 2024/25 was undertaken by Mr Peter Strange and reported to Council at its meeting on 14 May 2025, when the recommendations put forward were discussed.

13.7 The Internal Auditor for the 2025/26 year was requested to undertake a review due to the Council's previously appointed Internal Auditor being unavailable to undertake the work.

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

14.1 An External Audit was not required in the year 2024/25. At its meeting on 14 May 2025 the Council completed the Certificate of Exemption from a Limited Assurance Review for that year.

14.2 For the year 2025/26 the Council may similarly apply for Exemption from a Limited Assurance Review under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015 as the higher of gross income or gross expenditure did not exceed £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.

Trevor Brown

Trevor Brown

Chartered Institute of Public Finance and Accountancy

Internal Auditor

13 April 2026