Hoveton Community Council

Internal Audit Report
Financial Year 2024/25

Prepared by Sonya Blythe
9 June 2025

I have completed an internal audit of the accounts for Hoveton Community Council for the year ending March 2025.

My findings are detailed below using the tests provided in the Governance and Accountability (England) guidance.

Internal control	**Test**	**Observations**
Proper bookkeeping	Is the cashbook maintained and up to date?	Yes
	Is the cashbook arithmetically correct?	Yes
	Is the cashbook regularly balanced?	Yes
Standing Orders, Financial Regulations and payment controls	Has the council formally adopted Standing Orders and Financial Regulations?	Yes
	Date Standing Orders last reviewed	May 23 minutes – newer NALC version now available for updating
	Date Financial Regulations last reviewed	September 24 minutes
	Has a Responsible finance officer been appointed with specific duties?	Yes, Clerk is RFO
	Are payments in the cashbook supported by invoices, authorised and minuted?	Yes, payments evidenced from invoice to minutes and bank statements
	Has VAT on payments been identified, recorded and reclaimed?	VAT accounted for in cashbook, last claim received March 25
	Is s137 expenditure separately recorded and within statutory limits?	Separate column in cashbook, within limits
	Have S137 payments been approved and included in the minutes as such?	Not recorded in minutes as such
Risk management arrangements	Does a review of the minutes identify any unusual financial activity?	No
	Do minutes record the council carrying out an annual risk assessment or review of their risk management scheme?	January 25 minutes
	Is insurance cover appropriate and adequate?	Fidelity and liability cover in place
	Are internal financial controls documented and regularly reviewed?	No separate document

Internal control	Test	Observations
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	2425 – January 24 minutes 2526 – December 24 minutes
	Has the precept been calculated from the budget and been approved?	24/25 – recorded as £69,422.34 2526 – recorded as £74,756.51
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	Yes, reported most meetings
	Are there any significant unexplained variances from budget?	No
Income controls	Is income properly recorded and promptly banked?	Yes
	Does the precept recorded agree to the Council Tax authority's notification?	Statement £69.422.34 Remittance £69,422.34
Petty cash procedures	Is all petty cash spent recorded and supported by VAT invoices/receipts?	N/A
	Is petty cash expenditure reported to each council meeting?	N/A
	Is petty cash reimbursement carried out regularly?	N/A
Payroll controls	Do all employees have contracts of employment with clear terms and conditions?	Yes, seen previously
	Do salaries paid agree with those approved by the council?	Yes
	Are salaries above the National Living Wage/Minimum Wage?	Yes October minutes - national pay award implemented
	Are other payments to employees reasonable and approved by the council?	Yes
	Have PAYE/NIC been properly operated by the council as an employer?	Yes, P60 supplied, payments made to HMRC

Internal control	Test	Observations
Asset controls	Does the council maintain a register of all material assets owned or in its care?	Yes
	Are the assets and Investments registers up to date? When were these last reviewed?	October 24 minutes
	Do asset insurance valuations agree with those in the asset register?	They seem adequate, but asset list is currently a mix of insurance values and purchase costs. Per last years audit comment, it is hard to confirm this entirely until your asset list has two separate columns, one of which is for insurance / current value.
Bank reconciliation	Is there a bank reconciliation for each account and is this reported to council?	Yes
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes, for most meetings
	Are there any unexplained balancing entries in any reconciliation?	No
	Is the value of investments held summarised on the reconciliation?	N/A
Year-end procedures	Are year-end accounts prepared using the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Yes, R&P
	Do accounts agree with the cash book?	AGAR – £82,896 Statements - £82,895.73
	Has a year-end bank reconciliation been undertaken?	Reconciliation - £82,895.73
	Is there an audit trail from underlying financial records to the accounts?	Yes, cashbook evidenced against bank statement
	Where appropriate, have debtors and creditors been properly recorded?	N/A
Procedural	Is eligibility for the General Power of Competence properly evidenced?	N/A
	Have points raised on the last Internal Audit report been considered by council and actioned?	Your financial regulations have not been updated for several years. Complete.

Internal control	Test	Observations
		Your asset list includes the purchase price of items, per AGAR requirements. I would recommend also adding a current replacement cost column, to ensure your asset insurance cover is adequate. No. The only minuted spend against budget reports are in the September and January minutes. It would be a good idea to formally minute consideration of the report at least quarterly. Completed. Ideally your budget setting document should contain a full years accounts, so for the 24/25 budget setting it should have shown a completed year (22/23), as well as the predicted spend to year-end in 23/24. Completed.
Transparency: For smaller councils with turnover under £25,000	Minutes for whole year on website?	Yes
	Agendas for whole year on website?	Yes
	Payments over £100 detailed on website?	Yes, included within minutes
	Electors' rights advertised on website?	Yes
	Councillors' responsibilities detailed on website?	Yes
	Last financial year's AGAR on website?	Yes
	Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use)	No

Internal control	Test	Observations
Burial Authorities only	Are fees levied in accordance with the Council's approved scale of fees and charges?	N/A
	Have fees for the cemetery been reviewed and agreed by Council?	N/A
	Have burial books been kept up to date and are they safely stored?	N/A
Allotments only only	Has a list of allotment holders with amounts paid to Council been submitted?	N/A
	Have fees for the allotments been reviewed and agreed by Council?	N/A
Councils with charities only	Have Charities reported and accounted separately?	Yes
	Has the Council been named as Sole Trustee on the Charity Commission Register?	Yes
	Are the Charity meetings and accounts recorded separately from those of the Council?	Yes (accounts reported on time)
ICO	Is Council registered with the Information Commissioners Office?	May 24 bank statement (expenses) – NOTE if you set up a DD for this in future it will be cheaper
General Data Protection Regulations	Has the Council adopted a Data Protection Policy?	Yes, on website
	Has the Council put in place Privacy Notices?	Yes, on website
Other		N/A

Thank you to Ben for supplying everything so promptly.

- I have checked through your accounts and confirmed them against income and expenditure receipts, as well as against payments in your cashbook. Bank reconciliations are regularly carried out for the accounts.

- I have confirmed that your Financial Regulations and Standing Orders are up to date.

- I have noted that your VAT has been claimed within the past year.

- I have verified that your insurance is adequate.

- I confirm that your payroll management meets requirements

-Your risk management policies are up to date

- I have reviewed your budget setting process and noted that you provide Committee with regular spend against budget information

- I have reviewed the AGAR against your year-end bank reconciliations and your accounts

I have no concerns to raise and as such have signed the internal audit section of the AGAR.

Notes / recommendations for 25/26:

For complete transparency for parishioners, it is recommended that when setting the budget and precept you minute the Band D precept amount, as well as the full precept.

When using S137 for payments, the payment should clearly be identified within the meeting minutes as using this power. This will confirm that Councillors are collectively expressing an opinion as to the commensurate local benefit of the expenditure.

Internal controls - Regulation 4 of the Accounts and Audit Regulations, 2003 as amended, imposes a duty on local councils to ensure “that the financial management of the body is adequate and effective and that the body has a sound system of internal control”. Local councils are required, at least once a year, to conduct, in accordance with proper practices, a review of the effectiveness of its system of internal control. In order to meet this requirement you may find it helpful to produce an Internal Controls policy, to follow. This is usually a more indepth version than the Financial regulations of how you manage your day to day banking, accounts, payroll and financial controls, to further manage financial risks.

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Sonya Blythe
Internal auditor