HEELIS&LODGE

Local Council Services • Internal Audit

Internal Audit Report for Mendlesham Parish Council – 2024/2025

The following Internal Audit was carried out on the adequacy of systems of control in accordance with the requirements of the Audit and Accounts Regulations 2015 and the guidance and instruction in the Practitioners Guide 2024. aThe following recommendations/comments have been made:

Income: £191,225 Expenditure: £143,355 Ear Reserves: £183,463 Reserves: £64,251

AGAR 2024 / 2025 Completion:
Section One: Yes - signed
Section Two: Yes - signed
Annual Internal Audit Report 2024 / 2025: Yes
Certificate of Exemption: No

Proper book-keeping Cash Book, regular reconciliation of books and bank statements. Supporting vouchers, invoices and receipts

VAT payments are tracked and identified within the year end accounts. The Council hold the General Power of Competence and LGAs137 does not apply.

The cashbook is referenced, providing an audit trail. Supporting paperwork is in place and referenced.

Financial regulations Standing Orders and Financial Regulations
Tenders
Appropriate payment controls including acting within the legal framework with reference to council minutes
Identifying VAT payments and reclamation
Cheque books, paying in books and other relevant documents

Standing Orders in place: Yes
Reviewed: 8th May 2024 (Ref: 10) & 5th March 2025 (Ref: 8).
Financial Regulations in place: Yes
Reviewed: 8th May 2024 (Ref: 10), 4th September 2024 (Ref: 6b) & 5th March 2025 (Ref: 8).

VAT reclaimed during the year: Yes Registered: No

General Power of Competence: Yes Adopted: 17th May 2023
Policy Review Schedule in place: Yes

There were no tenders during the year that exceeded the £30,000 Public Contract Regulations threshold.

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Risk Assessment

Appropriate procedures in place for the activities of the council
Compliance with Data Protection regulations

Risk Assessment document in place: Yes
Data Protection registration: Yes – ZA098209 Expiry 16/02/2026

Data Protection

The General Data Protection Regulations have changed and the new Regulations came into force on 25 May 2018. It is likely that this will affect the way in which the Council handles its data. Due to the financial risk associated with the General Data Protection Regulations, the Council have included this in their Risk Assessment.

Privacy Policy published: *Yes*

Insurance was in place for the year of audit. The Risk Assessment was reviewed at a meeting held on 5th February 2025 (Ref: 9).

Statement of Internal Controls in place: Yes

The Council have good internal financial controls in place. The Clerk provides financial reports to council meetings. Councillors are provided with information to enable them to make informed decisions.

Fidelity Cover: £500,000

The level of Fidelity cover is within the recommended guidelines of year-end balances plus 50% of the precept.

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Transparency

Under the **Transparency code for smaller authorities**, smaller councils with income/expenditure under £25,000 should publish on their website from 1 April 2015:

Smaller Council: No
Website: www.mendlesham-pc.gov.uk

The Council is not subject to the requirements of the Transparency Code for smaller Councils.

Under **The Accounts & Audit Regulations 2015 13(1a&b)** councils must publish on their website:

Statement of Accounts, External Audit report and Annual Governance statement.
2024 Annual Return, Section One Published – Yes
2024 Annual Return, Section Two Published – Yes
2024 Annual Return, Section Three Published – Yes

Under the requirements of the **Accounts and Audit Regulations 2015 13(2b)** a council is required to display AGAR's for the five years 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24 on their website. The council has complied with this requirement.

Under **The Accounts & Audit Regulations 2015 15(2b)** councils must publish on their website:

Notice of period for the exercise of public rights
Published – Yes

Period of Exercise of Public Rights

Publication Date: 31/05/24 Start Date: 03/06/24 End Date: 12/07/24

Budgetary controls

Verifying the budgetary process with reference to council minutes and supporting documents

Precept: £53,601 (2024 / 2025) Date: 10th January 2024 (Ref: 10e)
Precept: £57,850 (2025 / 2026) Date: 22nd January 2025 (Ref: 4b)

Good budgetary procedures are in place. The precept was agreed in full council and the precept decision and amount has been clearly minuted. The Clerk ensures the council are aware of responsibilities, commitments, forward planning and the need for adequate reserves. Budget papers are prepared to ensure councillors have sufficient information to make informed decisions. Budgets are monitored during the year.

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Income controls Precept and other income, including credit control mechanisms

Income controls were checked and income received and banked cross-referenced with the bank statements.

Petty Cash Associated books and established system in place

A satisfactory expenses system is in place with supporting paperwork. No Petty Cash held.

Payroll controls PAYE and NIC in place where necessary.
Compliance with Inland Revenue procedures
Records relating to contracts of employment

PAYE System in place: Yes – PAYE Tools
Employer PAYE Reference: 475/A58037
P60's issued: Yes

The Council continue to operate RTI in accordance with HMRC regulations. All supporting paperwork is in place and P60's have been produced as part of the year-end process.

Eligible employees have joined the nominated pension scheme. The last date of re-declaration of compliance was 21st June 2023.

It is noted that the Council undertook a review of salaries at a meeting held on 7th August 2024 (Ref: 13).

Asset control Inspection of asset register and checks on existence of assets
Cross-checking on insurance cover

A separate asset register is in place. Values are recorded at cost value. The total value of assets is recorded at £462,859. The figure in the asset register corresponds with the figure in Section 2, Box 9 of the AGAR.

The asset register was approved at meeting on 8th May 2024 (Ref: 7e).

Bank Reconciliation Regularly completed and cash books reconcile with bank statements

All were in order. Bank Reconciliations are carried out regularly. The bank statements reconciled with the end of year accounts and bank reconciliations for all accounts.

Reconciled Bank Balances were confirmed as:

*Lloyds ****2360*	*£151,898.05*
*Lloyds ****1068*	*£ 40,660.89*
*Lloyds ****0668*	*£ 11,918.34*
Lloyds 32DN	*£ 43,237.10*
Public Works Loan	*-£ 15,108.45*

Reserves General Reserves are reasonable for the activities of the Council
Earmarked Reserves are identified

The Council have adequate general reserves (£64,251) and has identified earmarked reserves in its year-end accounts.

Year-end procedures Appropriate accounting procedures are used and can be followed through from working papers to final documents
Verifying sample payments and income
Checking creditors and debtors where appropriate.

End-of-year accounts are prepared on a receipts and payments basis.

Sole Trustee The Council has met its responsibilities as a trustee

The Council is a Trustee of the

Mendlesham Memorial Playingfields Charity (Charity Commission 304794) – accounts for the year ending 31st March 2024 were updated on 21st January 2025.

Mendlesham Community Centre Charity (Charity Commission 304795) – accounts for the year ending 31st March 2024 were updated on 21st January 2025.

Internal Audit Procedures

The 2024 Internal Audit report was considered by the Council at a meeting held on 5th June 2024 (Ref: 5b).

A review of the effectiveness of the Internal Audit was carried out on 5th February 2025 (Ref: 9).

Heelis & Lodge were appointed as Internal Auditor at a meeting held on 5th February 2025 (Ref: 10)

External Audit *The Council formally approved the 2024 AGAR at a meeting of the full Council held on 8th May 2024 (Ref: 7d)*

The External Auditor's report was considered at a meeting held on 4th September 2024 (Ref: 6d)

There were no matters arising from the External Audit.

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Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 8th May 2024. The first item of business was the Election of Chairman, in accordance with Standing Orders.
- There are no additional comments/recommendations to make in relation to this audit.
- I would like to record my appreciation to the Clerk to the Council for the quality of documentation presented in the Audit File.

Dave Crimmin PSLCC
Heelis & Lodge
25th June 2025