Sutton Parish Council

Internal Audit Report
Financial Year 2025/26

Prepared by Sarah Hunt
28th, 29th and 30th May 2026

I have completed an internal audit of the accounts for Sutton Parish Council for the year ending March 2026.

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. I have advised the Clerk to remove internal transfers from the cashbook.
	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	12th August 2025
	Date Financial Regulations last reviewed	12th August 2025
	Has a Responsible finance officer been appointed with specific duties?	Yes – 13th January 2026.
	Are payments in the cashbook supported by invoices, authorised and minuted?	It appears that earlier in the financial year payments were made that are not recorded as agreed by Council. Following the change of staff this appears to now be rectified.
	Has VAT on payments been identified, recorded and reclaimed?	Yes. No reclaim is possible as following HMRC involvement and specialized advice Council is not to process a reclaim until the VAT situation is regularized.
	Is s137 expenditure separately recorded and within statutory limits?	Recorded correctly – unable to ascertain statutory limits as the Clerk is unable to advise of the number on the electoral role. The allowance for 2025-26 was £11.60 per elector. I would recommend that councillors are advised annually of the limits they have to adhere to and Council satisfies itself that the payment was lawful.
	Have S137 payments been approved and included in the minutes as such?	No. No record within the minutes of an agreement to donate £4,000 to Sutton Primary

		School.
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?	Allotment and Staithe Risk Assessments agreed 3rd September 2025 item 9 d. General Risk Assessment in place.
	Is insurance cover appropriate and adequate?	yes
	Are internal financial controls documented and regularly reviewed?	Reviewed 6th August 2025 item .e.
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?	25/26 – No. Confirmed by current clerk/rfo - no budgetary documents available. 26/27 – Yes.
	Has the precept been calculated from the budget and been approved?	25/26 – recorded as increasing by £2000.00. No total recorded. Agreed 8th October 2024 item 14.1. AGAR records 18,000.00 26/27 – recorded as £18,500.00 on 9th December 2025 following budget presentation.
	Does the budget include an actual completed year?	25/26 – Yes.
	Is actual expenditure against budget regularly reported to the council?	Minuted: October 2025
	Are there any significant unexplained variances from budget?	Overall income and expenditure levels are within a reasonable sum. Discrepancies presented to Council 13th January 2026 item 8.f.
Income controls	Is income properly recorded and promptly banked?	Yes.
	Does the precept recorded agree to the Council Tax authority's notification?	Bank Statements show; £ 9,000.00 received 30/4/25 £9,000.00 received 30/9/25

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.
	Do salaries paid agree with those approved by the council?	Checksnot carried out on previous clerk. Overtime was regularly claimed. Payments were all agreed at full council. Current clerk payments are correct.
	Are salaries above the National Living Wage/Minimum Wage?	Yes
	Are other payments to employees reasonable and approved by the council?	Yes
	Has the Council complied with Pension Re-enrolment duties?	Yes. Confirmation received.
	Have PAYE/NIC been properly operated by the council as an employer?	No. Council remains unregistered for PAYE. This is being pursued by the Clerk to enable the Council to submit deductions to HMRC on behalf of employees.
Internal control	**Test**	**Observations**
Asset controls	Does the council maintain a register of all material assets owned or in its care?	This is now within Scribe which was utilized by Council from 1st April 2026 – I do not have a copy of the register for 2025-2026 and this is not on the website. I am told it is unavailable. I note that the asset value decreased by £18,640.00 but cannot see in the minutes where disposals have been minuted. All additions and disposals must be in response to decisions within meetings.

		The assets should be reviewed by full Council.
	Are the assets and Investments registers up to date? When were these last reviewed?	Up to date as at April 2026. No records for 2025-2026.
	Do asset insurance valuations agree with those in the asset register?	Insurance renewed 13th May 2025 and minuted as considered by Council. I have checked the asset register against the cover held and the sum insured covers the value of assets declared at April 2026.
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
	Are there any unexplained balancing entries in any reconciliation?	no
	Is the value of investments held summarised on the reconciliation?	yes
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 – £ 28709.00 Statements – *396 £24,681.69 *383 £4,027.70
	Has a year-end bank reconciliation been undertaken?	Yes
	Is there an audit trail from underlying financial records to the accounts?	Yes
	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?	Partly. Some matters have taken time to rectify but are in hand.

Transparency: For smaller councils with turnover under £25,000	Minutes for whole year on website?	Yes.
	Agendas for whole year on website?	Yes. Including supporting papers towards the end of the year.
	Payments over £100 detailed on website?	Yes.
Internal control	**Test**	**Observations**
	Electors' rights advertised on website?	No. Advertised for 14th August to 25th September 2025.
	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
Staithe Mooring	Are fees levied in accordance with the Council's approved scale of fees and charges?	Fees detailed on website. Clerk responsible for collecting fees. Spreadsheet for 2025-2026 shows some outstanding sums.
	Have fees for the staithe been reviewed and agreed by Council?	Fees reviewed March 2026 for 2026-27.
	Have records been kept up to date?	Yes.
Allotments only only	Has a list of allotment holders with amounts paid to Council been submitted?	Yes.
	Have fees for the allotments been reviewed and agreed by Council?	Not within the year under review. Council must be mindful that 12 months needs to be given of any increase in fees in accordance with the Allotments Act 1922 nd 1950.
Councils with charities only	Have Charities reported and accounted separately?	Allotments to Former Highway Surveyors (charity 800193) Zero income and expenditure reported.
	Has the Council been named as Sole Trustee on the Charity Commission Register?	Yes. Returns up to date.

	Are the Charity meetings and accounts recorded separately from those of the Council?	Yes.
ICO	Is data processed appropriately / Is Council registered with the Information Commissioners Office?	Yes – expires 12th July 2026. The contact details are out of date and need updating.
General Data Protection Regulations	Has the Council adopted a Data Protection Policy?	Yes. May 2021. This may benefit from updating.
Internal control	**Test**	**Observations**
	Has the Council put in place Privacy Notices?	Yes.
Assertion 10 – Digital and Data compliance	Email address - Does authority must have a generic email account hosted on an authority owned domain,	Yes. clerk@sutton-norfolkparish.gov.uk
	Website – Does website meet legal accessibility guidelines	Yes. Accessibility statement updated to reflect latest legal changes.
	Has IT policy been adopted?	Yes February 2026
	Has a data audit been undertaken?	Yes. March 2026

Thank you to Cherrie for supplying everything so promptly and committing so much time to the process.

On 23/4/25 the Parish Council donated £4,000 using S137 as their authority to Sutton Infant School. I cannot find that this is agreed by Council in a lawfully convened meeting. Council will want to be certain their annual spend does not breach S137 limits and also that any payment made meets the lawful criteria. NALC Legal Topic Note LTN31 refers. Donations to Schools are particularly challenging and Council will want to ensure it is not breaching legislation.

Council will want to ensure that any voluntary work/work carried out by Councillors/volunteers/working parties is covered by a risk assessment held by the Clerk and that it holds a copy of the relevant insurance policies for all contractors/persons undertaken paid work on behalf of the Council.

I note that Council is taking steps to rectify the VAT issues previously highlighted but that VAT remains currently unresolved.

I have checked that the grass cutting quote was received, awarded, and paid in the sum quoted.

It is clear from the records provided that great strides have been made to bring the necessary governance and accounting processes up to date by Council with the support and guidance of the Clerk/RFO.

There were issues earlier in the year resulting in the ‘no’ responses on the Internal Audit form – I detail on the next page the reasons for these responses.

I have no concerns that these issues will not be resolved – Council must be mindful of the hours that their employee works to ensure that additional hours do not result in the Clerk being paid less than minimum wage.

Sarah Hunt
Internal auditor

BOX B

There were payments made within the year that were not evidenced within the minutes as agreed by Council – a donation of £4,000.00 to Sutton Primary School is an example.

BOX D

The 2025/26 budget could not be provided due to a change of Clerk and the agreed precept sum was not recorded within the minutes of full Council. Budget papers were available for the 2026/27 precept discussion and the sum was minuted.

BOX E

There were incomplete mooring records for the 2025/26 year and those available showed unrecovered money owed.

BOX G

The Council remains unregistered for PAYE although I understand this in in progress.

BOX H

No asset register was available for the year under inspection.

BOX M

The Exercise of Public Rights was advertised for 14th August to 25th September 2025.