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Internal Audit Report for Castle Hedingham Parish Council

I am pleased to report that I have completed my Internal Audit for the Parish Council for the period 1st April 2022 to 31st March 2023. The Audit was carried out on 8th June 2023.

Members should be aware that my work cannot be relied upon to identify the occasional omission or insignificant error, nor to disclose breaches of trust or statute, neglect or fraud which may have taken place and which are the responsibility of the Members of the Council to guard against.

Members will be pleased to know that I only found one item in my audit to report and that I found the record keeping to be of an extremely high standard.

I would like to record my appreciation to the Clerk of the Council, Claire Waters for her invaluable assistance during the Internal Audit.

Ann C Wood

Ann C. Wood LL.B.Hons, DMS, Cert.HE
11th June 2023

Items Raised by the 2021/2022 Audit

1. A business/financial/reputational risk assessment was carried out during the year and the documentation has been seen but it did not appear as a minuted item. The Council should formally record the Risk Assessment in the minutes
This was noted and was recorded at item 1522/3.2 on 11th July 2022
2. The Precept was agreed on 13th January 2021 at item 1436.9.3 but no figure was recorded. The total amount of the Precept to be requested must be recorded in the minutes
Noted
3. The VAT on payments has been recorded but no claim was made during the 2021-2022 year. A claim will be made as soon as practicable
A claim was made during the 2022-2023 year and will be claimed on an annual basis going forward
4. A list of polices is available on the website, although a number are due for review. This should take place during the 2022-2023 financial year
Noted
5. The Cemetery fees have not been reviewed following an increase on 1st April 2020. The review in August 2021 did not take place. Any fees charged by the Council should be reviewed each year
A review of the cemetery fees took place on 13th February 2023 at item 1559/9.2

Items Raised by the 2022/2023 Audit

1. A reading of the minutes does not show an item relating to the Internal Audit Report for 2021/22 being reported to the Council. Both Audit Reports must be reported to the Council and minuted

| Accounting Basis | Receipts and Payments | | |
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| Bank Accounts | Unity Trust Bank – Current Account - 20329855 | | £8342.72 |
| | Unity Trust Bank – Deposit Account - 20329868 | | £10581.44 |
| | Cambridge & Counties 95 Day Account | | £35264.78 |
| Petty Cash | Not Applicable | | |
| Income | | | Precept - £30502.00 |
| | | | This agrees to the figure published by PKF Littlejohn |
| | | | Other Income £30105.56 |
| | | | This includes interest, grants, cemetery fees, VAT reclaim and other income |
| VAT | The Council is not registered for VAT | | A claim was made in the 2022-23 year for the the 2021-2022 year. Future claims will be made annually |
| ICO Registration | Registration Number – ZB030471 | | Registered 29 th March 2021. Expires 28 th March 2024 |

| Internal Control | Testing | | Comments |
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| Proper bookkeeping | • Is the cashbook maintained and up to date? | Yes | The Council uses a Excel spreadsheet to manage the accounts and the cashbook is kept up to date |
| | • Is the cashbook arithmetic correct? | Yes | |

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| | • Is the cashbook regularly balanced? | Yes | The bank balances are noted at each meeting, as are bank reconciliations and monthly balance to bank statement comparison reports |
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| Standing Orders and Financial Regulations adopted | Has the Council formally adopted standing orders and financial regulations? | Yes | The Standing Orders were reviewed and adopted on 11 th July 2022 at item 1522/3.1.2 Financial Regulations were reviewed and adopted on the same date at item 1522/3.1.3 |
| Other Policies | Has the Council formally adopted other policies? | Yes | A list of policies is available on the website |
| | Has a Responsible Financial Officer been appointed with specific duties? | Yes | The current Clerk was taken on in February 2013 and specific mention was made of the RFO post in the contract |
| Payments Controls | Have items or services above the de minimus amount been competitively purchased? | N/A | |
| | Are payments in the cashbook supported by invoices, authorised and minuted? | Yes | No samples were completed on this occasion |
| | Has VAT on payments been identified, recorded and reclaimed? | Yes | VAT on payments is recorded and a claim was made during the 2022-2023 year for the 2021-2022 year |
| | Is s137 expenditure separately recorded and within statutory limits? | N/A | The Council had declared its eligibility to use the General Power of Competence and this was renewed at the May 2023 Annual meeting |

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| Risk management arrangements | Does a review of the minutes identify any unusual financial activity? | No | The minutes of the Council meetings for the year 2022/2023 were read and no unusual financial activity was noted |
| | Do the minutes record the council carrying out an annual | Yes | A financial/reputational risk assessment was |

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| | <p>risk assessment?</p> <p>Is insurance cover appropriate and adequate?</p> <p>Are internal financial controls documented and regularly reviewed?</p> <p>Has the council adopted a Code of Conduct?</p> <p>Was the Annual Parish Council Meeting held within the prescribed timeframe?</p> <p>Was the Annual Parish Meeting held within the prescribed timeframe?</p> | <p></p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> | <p>carried out during the year and agreed at the meeting on 11th July 2022 at item 1522/3.2</p> <p>The Council is insured with NFU Mutual 080X5155275/N06 for the Memorial Hall, Social Club, public toilets and war memorial and with Hiscox Insurance through Came and Company for general insurance 8188555</p> <p>The insurance cover for both Employers Liability and Public Liability insurance are £10 million</p> <p>An Internal Financial Control was agreed in March 2020 which does not seem to have been reviewed. It may now form part of the Risk Assessment document</p> <p>The Council has re-adopted the Braintree District Council Code of Conduct on 11th July 2022 at item 1522/3.1</p> <p>The Parish Council must meet annually. In an election year, this must be on the day when the councillors take office or within 14 days, or on any day in May in any other year. The Annual Parish Meeting was held on 9th May 2022 and the first item 1 was the election of the Chairman</p> <p>A Parish Meeting must be held annually between 1st March and 1st June (both inclusive). The Annual Parish Meeting was held on 19th May 2022</p> |
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| Budgetary Controls | Has the council prepared an annual budget in support of its precept? | Yes | A budget was agreed at item 1494/4.1 on 24 th January 2022. The Precept was agreed on the same date at item 1494/4.2 |
| | Is actual expenditure against the budget regularly reported to the council? | Yes | The receipts and payments are presented to the Council and minuted and a comparison is produced quarterly |
| | Are there any significant unexplained variances from budget? | No | Any variances in budget are explained in the Annual Accounts |

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| Income Controls | Is income properly recorded and promptly banked? | Yes | Most payments are now received by bank transfer |
| | Does the precept recorded agree to the Council Tax authority's notification? | Yes | £30502.00 agreed on 24 th January 2022 at item 1494/4.2 |
| | Are security controls over cash and near-cash adequate and effective? | N/A | Most payments are now made by bank transfer. Some cheques are received for cemetery fees and are banked as soon as practicable |

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| Petty cash procedures | The Council does not operate a petty cash system | N/A | |
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| Payroll Controls | Do all employees have contracts of employment with clear terms and conditions? | Yes | The Clerk is not the only employee. There is another member of staff (Village Maintenance Operative) who has a contract. A further contractor is also used |
| | Do salaries paid agree with those approved by the Council? | Yes | There was a review of the salaries on 14 th March 2022 at item 1505.9.2 where salaries for 2021-22 and 2022-23 were agreed |

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| | Are other payments to employees reasonable and approved by the Council? | Yes | The Clerk receives a home office allowance and mileage |
| | Have PAYE/NIC been properly operated by the Council as an employer? | Yes | The Council uses P M Smith for the payroll calculation, although no payroll slips were made available in the documentation. Regular payments are shown as being made to HMRC |
| Assets controls | Does the council maintain a register of all material assets owned or in its care? | Yes | The asset value listed in the Asset Register is the same as that recorded on the AGAR The values used should not be those of the insurance. It should be noted that there should be no variation in Box 9 of the AGAR, unless assets have been bought or disposed of |
| | Are the assets and Investments registers up to date? | Yes | |

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| Bank Reconciliation | Is there a bank reconciliation for each account? | Yes | Bank reconciliations are reviewed and noted at each meeting |
| | Is a bank reconciliation carried out regularly and in a timely fashion? | Yes | |
| | Are there any unexplained balancing entries in any reconciliation? | No | |

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| Year-end procedures | Are year-end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)? | Yes | Accounts are prepared on a Receipts and Payments basis, as the Council is below the £200,000.00 threshold |
| | Do the accounts agree with the cashbook? | Yes | |

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| | Is there an audit trail from underlying financial records to the accounts? | N/K | No audit trail was undertaken on this occasion |
| | Where appropriate, have debtors and creditors been properly recorded? | N/A | |
| | Were the Annual Accounts, the Annual Governance Statement and Annual Accounts and Accounting Statement signed by the Council? | Yes | The documents submitted for the Year End 31 st March 2023 had been agreed and signed at the Council meeting on May 2023 at items 1574/12.3 and 1574/12.4 |
| Auditor's Reports | Was the Internal Auditor's Report reported to the Council? | Yes | A reading of the minutes does not show an item relating to the Internal Audit Report for 2021/22 being reported go the Council |
| | Was the External Auditor's Report reported to the Council? | Yes | The report from the external audit for 2021/2022 was considered and noted at item 1539/10.3 on 17 th October 2022. The report was unqualified |
| | Notice of Public Rights displayed? | Yes | The period of Notice for Public Rights was from 20 th June 2022 to 29 th July 2022 |
| Cemetery Fees | Does the Council Review its fees on a regular basis? | Yes | The Cemetery fees were reviewed in the 2022-2023 year |
| Loans | Were any loans made to volunteer bodies during the year? | No | |
| | Are there any PWLB Loans outstanding? | No | |
| General Power of Competence | Does the Council have the General Power of Competence? | Yes | The Power was in place during the year under review and was agreed again on 15 th May 2023, |

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| | | | following the ordinary elections |
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| LCAS | Has the Council attained any of the LCAS levels? | No | |
| Reserves | Are the general reserves reasonable for the activities of the Council? | Yes | The general reserves at £17308.00 are within the recommended limits of 50%-100% of precept |
| | Are earmarked reserves identified? | Yes | The earmarked reserves are identified at a total of £38630.00, between four funds |
| Sole Trustee | Is the Council a sole trustee? | No | The Council is the Custodian Trustee of the Castle Hedingham Village Hall – Charity number 1185525 |