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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 2023 to 31st March 2024. The Audit was carried out on 24th April 2024.

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 two items 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

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3rd May 2024

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

This was noted by the Council and both reports were dealt with during 2023

Items Raised by the 2023/2024 Audit

1. No VAT claim was made during the financial year but one is due to be made in May 2024
2. The Council did not consider a Financial/Reputational Risk Assessment during the year under review

Accounting Basis	Receipts and Payments		
Bank Accounts	Unity Trust Bank – Current Account - 20329855		£11934.12
	Unity Trust Bank – Deposit Account - 20329868		£10861.52
	Cambridge & Counties 95 Day Account		£36075.53
Petty Cash	Donations for the Community Allotment are collected. They are not banked but used to purchase seeds and compost. A Petty Cash Record was seen		£0.16
Income			Precept - £32838.00
			This does agree with the figure published by PKF Littlejohn
			Other Income £12673.05
			This includes interest, grants, cemetery fees, VAT reclaim and other income
VAT	The Council is not registered for VAT		No claim was made in the financial year for the 2023-2024 year. Future claims will be made annually
ICO Registration	Registration Number – ZB030471		Registered 29 th March 2021. Expires 28 th March 2025

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

	<ul style="list-style-type: none"> • Is the cashbook arithmetic correct? 	Yes	The bank balances are noted at each meeting, as are bank reconciliations and monthly balance to bank statement comparison reports
	<ul style="list-style-type: none"> • Is the cashbook regularly balanced? 	Yes	

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 15 th May 2023 at item 1573/6.1 Financial Regulations were reviewed and adopted on the same date at item 1573/6.2
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	Two samples were completed on this occasion and found to be correct
	Has VAT on payments been identified, recorded and reclaimed?	Yes	VAT on payments is recorded although no claim was made during the 2022-2023 year. A claim will be made in May 2024
	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

Risk management	Does a review of the minutes identify any unusual financial activity?	No	The minutes of the Council meetings for the year 2023/2024 were read and no unusual
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arrangements	<p>Do the minutes record the council carrying out an annual 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>No</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>financial activity was noted</p> <p>A financial/reputational risk assessment was last carried 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 Gallagher 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 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 Council Meeting was held on 15th May 2023 and the first item 1573/1 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 27th April 2023</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 1553/11.3 on 9 th January 2024. The Precept was agreed on the same date at item 1553/11.4 for £32838.00
	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

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	
	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

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 are two other members of staff (Village Maintenance Operative) who have contracts. 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 13 th November 2023 at item 1607/12 where salaries for 2023-24 were agreed

	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 and payroll slips were made available as part of 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 Register was agreed on 15 th May 2023
	Are the assets and Investments registers up to date?	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

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	

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	

	Is there an audit trail from underlying financial records to the accounts?	Yes	Two samples were undertaken and were found to be correct
	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?	No	The documents submitted for the Year End 31 st March 2024 will be agreed and signed at the meeting on 13 th May 2024

Auditor's Reports	Was the Internal Auditor's Report reported to the Council?	Yes	The Internal Audit Report for 2022/23 was considered and agreed on 10 th July 2023 at item 1585/10.3
	Was the External Auditor's Report reported to the Council?	Yes	The report from the external audit for 2022/2023 was considered and noted at item 1596/9.2 on 11 th September 2023. The report was unqualified
	Notice of Public Rights displayed?	Yes	The period of Notice for Public Rights was from 5 th June 2023 to 14 th July 2023

Cemetery Fees	Does the Council Review its fees on a regular basis?	Yes	The Cemetery fees were reviewed in the 2022-2023 year commencing 1 st April 2023 and will be reviewed again in the 2024-2025
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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 agreed on 15 th May 2023, following the ordinary elections and was in place during the year under review
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 £23327.61 are within the recommended limits of 50%-100% of precept
	Are earmarked reserves identified?	Yes	The earmarked reserves are identified at a total of £58871.17, 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