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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 2021 to 31st March 2022. The Audit was carried out on 24th June 2022.

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.

I reported in the 2020-2021 Audit that a face-to-face meeting should be held for the 2021-2022 year. This was able to take place and I would express my appreciation to the Clerk for the use of the office for this meeting.

Members will be pleased to know that I did not find anything major 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.HEd.(LPS)
27th June 2022

Items Raised by the 2020/2021 Audit

1. It has not been possible to see the items relating to personnel, e.g. contracts of employment, pay slips, other expenses payments etc.. These will be reviewed as part of the 2021/2022 audit
2. The Council's Business Risk Assessment needs to be checked and this will form part of the 2021/2022 audit
3. I have no other comments or recommendations to make on this year's audit

The items raised were checked as part of the 2021-2022 Audit.

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 will be reviewed in the 2022/2023 audit
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
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
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
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

Accounting Basis	Receipts and Payments		
Bank Accounts	Unity Trust Bank – Current Account		£14444.38
	Unity Trust Bank – Deposit Account		£10473.10
	Cambridge & Counties 95 Day Account		£34915.63
Petty Cash	Not Applicable		
Income			Precept - £29697.00
			This agrees to the figure published by PKF Littlejohn
			Other Income - £18365.30
			This includes interest, grants, BDC Collection Surplus, cemetery fees and other income
VAT	The Council is not registered for VAT		No claim was made within the 2021-2022 year and will be made in the 2022-2023 year
ICO Registration	Registration Number – ZB030471		Registered 29 th March 2021. Expires 28 th March 2023

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

Standing Orders and Financial Regulations adopted	Has the Council formally adopted standing orders and financial regulations?	Yes	The Standing Orders were adopted in 2018 and a review was done on 4 th May 2021 at item 1454.5.11.2 Financial Regulations were reviewed and adopted on 23 rd September 2019 and were reviewed on 4 th May 2021 at the above item
Other Policies	Has the Council formally adopted other policies?	Yes	A list of policies is available on the website, although a number are due for review
	Has a Responsible Financial Officer been appointed with specific duties?	N/K	The current Clerk was taken on in February 2013. Delegated powers were given in April 2020 and were removed on 4 th May 2021, item 1454.5.3
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	Four samples were completed on this occasion and found to be correct
	Has VAT on payments been identified, recorded and reclaimed?	Yes	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
	Is s137 expenditure separately recorded and within statutory limits?	N/A	There is a separate column in the accounts for Grants because the Council has declared its eligibility to use the General Power of Competence

Risk management arrangements	Does a review of the minutes identify any unusual financial activity?	No	The minutes of the Council meetings for the year 2021/2022 were read and no unusual financial activity was noted
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	<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>No</p>	<p>A financial/reputational risk assessment was carried out during the year but did not appear as a minuted item. The Council should formally record the Risk Assessment in the minutes. It will be reviewed in the 2022/2023 audit</p> <p>The Council is insured with NFU Mutual 080X5155275/N06 for the Memorial Hall, Social Club, public toilets and war memorial and with AXA Insurance through Came and Company for general insurance RGBDX6962034 – Item 1457.11.11.5 on 4th May 2021. The latter is part of a three-year long-term agreement, which expires in May 2023. The policy has been seen. The insurance cover for both Employers Liability and Public Liability insurance are £10 million</p> <p>An Internal Financial Control was reviewed and agreed in March 2020, which is outside the scope of this audit.</p> <p>The Council has adopted the Braintree District Council Code of Conduct on 18th June 2012</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 remotely on 4th May 2021 and the first item 1454.1 was the election of the Chairman. It should be noted that any vice chairman appointed does not sign a Declaration of Acceptance of Office as there is no such formal role</p> <p>A Parish Meeting must be held annually between 1st March and 1st June (both inclusive).</p>
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			The Annual Parish Meeting was cancelled under the powers given by the Coronavirus Regulations 2020
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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 1436.9.2 on 13 th January 2021. The Precept was agreed on the same date at item 1436.9.3 but no figure was recorded
	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
	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	£29697.00 on 13 th January 2021 at item 1436.9.3, although the amount was not recorded
	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?	N/K	The Clerk is not the only employee and the Clerk's contracts of employment has been seen
	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
	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	<p>The asset value listed in the Asset Register is the same as that recorded on the AGAR.</p> <p>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</p>
	Are the assets and Investments registers up to date?	Yes	

Bank Reconciliation	Is there a bank reconciliation for each account?	Yes	Bank reconciliations are reviewed and agreed by an individual councillor 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	A full audit trail on two items was undertaken and 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?	Yes	The documents submitted for the Year End 31 st March 2022 had been agreed and signed at the Council meeting on 17 th May 2022

Auditor's Reports	Was the Internal Auditor's Report reported to the Council?	Yes	The report for the 2020/2021 was reported to the Council on 12 th July 2021 at item 1467.9.2
	Was the External Auditor's Report reported to the Council?	Yes	The report from the external audit for 2020/2021 was considered and noted at item 1478.9.2 on 13 th September 2021
	Notice of Public Rights displayed?	Yes	The period of Notice for Public Rights is from 20 th June 2022 to 29 th July 2022

Cemetery Fees	Does the Council Review its fees on a regular basis?	No	The Cemetery fees have not been reviewed following an increase on 1 st April 2020. The review in August 2021 did not take place
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Loans	Were any loans made to volunteer bodies during the year?	No	
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	Are there any PWLB Loans outstanding?	No	
General Power of Competence	Does the Council have the General Power of Competence?	Yes	Agreed at item 1363.6.1 on 20 th May 2019
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 are higher than the recommended amount at £34833.00 and the Council should consider adopting a Reserves Policy
	Are earmarked reserves identified?	Yes	The earmarked reserves are identified at a total of £25000.00, between two 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