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### **Internal Audit Report for Great Notley Parish Council**

I am pleased to report that I have completed my Internal Audit for the Parish Council for the period 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023. The Audit was carried out on 16<sup>th</sup> April 2023 and 6<sup>th</sup> May 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 did not find anything major in my audit to report and that I found the record keeping to be of a very good standard. I have raised some minor issues for the Council to consider.

I would like to record my appreciation to the previous Clerk of the Council, Suzanne Walker for her assistance during the Internal Audit.

*Ann C Wood*

Ann C. Wood LL.B.Hons, DMS, Cert.HE.  
8<sup>th</sup> May 2023

### **Items Raised by the 2021/2022 Audit**

A written report was not available for inspection but it was reported to the Council that the Internal Auditor had raised the matter that the minute recording the setting of the Precept should record the amount of the Precept. This was noted and the Precept was recorded at that point. However, the Precept recorded was that set for 2022/2023 and not that for 2021/2022, which was the item under discussion.

### **Items Raised by the 2022/2023 Audit**

1. The bank reconciliations are noted at each meeting but it is not clear whether bank statements are presented. If this is not the case, the Council should investigate the circulation to all members of the statements
2. The office of Vice Chairman is not a formal appointment and so anyone taking this role should be appointed and not elected. The Vice Chairman must not sign a Declaration of Acceptance of Office for the role
3. A budget was agreed at item 22/07.4 on 10<sup>th</sup> January 2022. The Precept was agreed on the same date at the same item but there was no mention of the amount and it was not proposed or seconded. It is recommended that the two items should be dealt with separately on the agenda
4. It is not recorded in the minutes that the income is reported to the Council. This should be minuted
5. None of contracts of employment have been seen, so no comments can be made. It should also be noted that two of the employees are in the LGPS but whether the other three employees are not eligible or have opted-out is unknown. Evidence of this needs to be presented
6. The paperwork presented for Internal Audit shows all bank accounts on one reconciliation. It is not known whether separate reconciliations are drawn up. Evidence of this needs to be presented

<b>Electorate</b>	4797		
<b>General Power of Competence</b>	Does the Council have the General Power of Competence?	Yes	The Council does not operate under the LGA s137 as it has adopted the General Power of Competence
<b>LCAS</b>	Has the Council attained any of the LCAS levels?	Yes	Quality Level
<b>Civility &amp; Respect</b>	Is the Council a Civility and Respect Pledge Council?	Yes	
<b>Reserves</b>	Are the general reserves reasonable for the activities of the Council?	Yes	The General Reserves are £69607.70, which is within the PKF Littlejohn recommended levels of 50%-100% of precept
	Are earmarked reserves identified?	Yes	Van replacement and emergency funds
<b>Sole Trustee</b>	Is the Council a sole trustee of any charity?	No	

<b>Accounting Basis</b>	<b>Receipts and Payments</b>		
Bank Accounts	Unity Trust Bank – Current Account 20377920		£79288.08
	Unity Trust Bank – Deposit Account 20378178		£2706.06
	Saffron Building Society Corporate Account		£46113.60
Petty Cash	Not held		An expenses system is in place with supporting paperwork
Income			Precept - £92719.00
			This figure agrees to the figure published by PKF Littlejohn
			Other Income - £22451.51
			This includes magazine advertising, interest,

VAT	The Council is not registered for VAT	Street Cleansing Partnership, VAT refund, grant funding and other income
ICO Registration	Data Protection Registration Number – ZA000961	A VAT claim was made and received in May 2022 Registered on 13 <sup>th</sup> May 2013. Expires on 12 <sup>th</sup> May 2023

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  The bank reconciliations are noted at each meeting but it is not clear whether bank statements are presented
	• Is the cashbook arithmetic correct?	Yes	
	• Is the cashbook regularly balanced?	Yes	

Standing Orders and Financial Regulations	Has the Council formally adopted standing orders and financial regulations?	Yes	The Standing Orders were reviewed and amended at item 22/42 on 9 <sup>th</sup> May 2022. The Financial Regulations were reviewed at the same item on the same date
Other Policies	Has the Council formally adopted other policies?	Yes	A list of polices is available on the website

Payments Controls	Have items or services above the de minimus amount been competitively purchased?	N/A	Sample expenditures from June 2022 and January 2023 were checked and found to be correct. Schedules of the payments are initialled by the Chairman
	Are payments in the cashbook supported by invoices, authorised and minuted?	Yes	

	Has VAT on payments been identified, recorded and reclaimed?	Yes	A claim was made and the refund made in May 2022
	Is s137 expenditure separately recorded and within statutory limits?	N/A	
	Tenders exceeding the £25,000 threshold have been advertised on the Contract Finders website	N/A	

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 risk assessment?	Yes	A financial/reputational risk assessment was carried out during the year and minuted at item 23/15.4 on 13 <sup>th</sup> February 2023  It is noted that the Council carries out a Data Audit
	Is insurance cover appropriate and adequate?	Yes	The Council is insured with AXA Insurance UK Plc Policy Number – RGBDX6962034. The Policy has been seen. The latter is part of a three-year long-term agreement expiring on 31 <sup>st</sup> May 2023  Employers Liability and Public Liability are both £10 million  Fidelity Cover = recommended guidelines of year end balances + 50% of the precept  The Council's van is separately insured by Zenith Insurance Plc through Markerstudy Insurance Services Ltd
	Are internal financial controls documented and regularly reviewed?	Yes	The Council has agreed an Internal Financial Control document and a Regular Payments List
	Has the council adopted a Code of Conduct?	Yes	The adopted Code of Conduct dates from 25 <sup>th</sup>

	<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>Yes</p> <p>Yes</p>	<p>June 2012. The Council has not adopted the new LGA Code of Conduct because Braintree District Council has not yet done so</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 meeting was held on 9<sup>th</sup> May 2022 and the first item 22/32 was the election of the Chairman</p> <p>A Parish Meeting must be held annually between 1<sup>st</sup> March and 1<sup>st</sup> June (both inclusive). The Annual Meeting took place on 9<sup>th</sup> May 2022</p>
Budgetary Controls	<p>Has the council prepared an annual budget in support of its precept?</p> <p>Is actual expenditure against the budget regularly reported to the council?</p> <p>Are there any significant unexplained variances from budget?</p>	<p>Yes</p> <p>Yes</p> <p>No</p>	<p>A budget was agreed at item 22/07.4 on 10<sup>th</sup> January 2022. The Precept was agreed on the same date at the same item but there was no mention of the amount and it was not proposed or seconded. It is recommended that the two items should be dealt with separately on the agenda</p> <p>The receipts and payments are presented to the Council and minuted. A comparison of expenditure to budget is produced on a quarterly basis</p> <p>Any variances in budget are explained in the Annual Accounts</p>
Income Controls	<p>Is income properly recorded and promptly banked?</p> <p>Is the income reported to the Council?</p>	<p>Yes</p> <p>No</p>	<p>The income is recorded on the Excel spreadsheet. Most income received is by BACS or bank transfer but the rare number of payments that aren't, are promptly banked</p> <p>There is no report in the minutes about the income</p>

	Does the precept recorded agree to the Council Tax authority's notification?	Yes	The recorded Precept agrees to the Council Tax Authority's notification
	Are security controls over cash and near-cash adequate and effective?	Yes	See above
	Does the Council Review its fees on a regular basis?	N/A	

Petty cash procedures	The Council does not operate a petty cash system	N/A	
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Payroll Controls	Has a Responsible Financial Officer been appointed with specific duties?	N/K	The Clerk's Contract of Employment is dated 1 <sup>st</sup> May 2012 but has not been seen. It is not known whether this contract has specific mention of the appointment as RFO, although information from the Clerk states that the Contract follows the NALC pro forma
	Do all employees have contracts of employment with clear terms and conditions?	N/K	There are four other employees but the contracts of employment have not been seen. Information supplied by the Clerk says that these contracts are based on the ACAS pro forma and do not relate to the NJC pay scale
	Do salaries paid agree with those approved by the Council?	Yes	The Council pays the NJC Pay Scales to the Clerk and salaries that are with reference to the National Minimum Wage to the litter pickers
	Are other payments to employees reasonable and approved by the Council?	Yes	The Clerk is paid a Home Office Allowance and mileage and is reimbursed for expenditure. The Senior Litter Picker is also reimbursed for mileage and expenditure
	Has PAYE/NIC been properly operated by the Council as an employer?	Yes	The Council uses the Richard Edwards Group for payroll services, who report by RTI to HMRC Regular payments are made to HMRC and the LGPS
	Are all the employees in a pension scheme or have they	N/K	Two of the employees are in the LGPS but

	opted out?		whether the other three employees are not eligible or have opted-out is unknown
Asset Controls	Does the council maintain a register of all material assets owned or in its care?	Yes	<p>The Asset Register was agreed at item 23/26.4 on 6<sup>th</sup> March 2023. 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?	N/K	The paperwork presented for Internal Audit shows all bank accounts on one reconciliation. It is not known whether separate reconciliations are drawn up
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes	Bank reconciliations are reported to each meeting but it is not known whether bank statements are provided with them
	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	Sample payments were taken from June 2022 and January 2023 and were found to be correct
	Where appropriate, have debtors and creditors been properly recorded?	N/A	

	<p>Were the Annual Accounts, the Annual Governance Statement and Annual Accounts and Accounting Statement signed by the Council?</p> <p>Is there a Certificate of Exemption?</p>	<p>No</p> <p>N/A</p>	<p>The AGAR for the Year End 31<sup>st</sup> March 2023 was completed but not signed, as it has not been presented to the Council</p>
Auditor's Reports	<p>Was the Internal Auditor's Report reported to the Council?</p> <p>Was the External Auditor's Report reported to the Council?</p>	<p>Yes</p> <p>Yes</p>	<p>The Internal Auditor's Report was reported to the Council at item 22/53.3 on 13<sup>th</sup> June 2022. The report has not been seen but it was minuted that the IA had reported that the minute recording the Precept should contain the figure of the Precept and it was agreed to record the Precept figure in the June minutes. The IA's report was relating to the 2021/2022 year but the Precept figure recorded in the minutes was that for 2022/2023</p> <p>The Internal Auditor for 2022/2023 was appointed on 17<sup>th</sup> October 2022 at item 22/83.4</p> <p>The unqualified External Auditor's Report for 2021-2022 was reported to the Council at item 22/73.4 on 5<sup>th</sup> September 2022</p> <p>The Exercise of Public Rights for 2021-2022 was agreed to be 17<sup>th</sup> June 2022 to 28<sup>th</sup> July 2022</p>
Co-option	The co-option of members should appear on an agenda as a separate item for the Council to action	N/A	
Donation to the Church	Does the Council make any grants to the church?	No	