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### **Internal Audit Report for Chignal 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 2021 to 31<sup>st</sup> March 2022. The Audit was carried out on 1<sup>st</sup> July 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.

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 would like to record my appreciation to the Clerk of the Council, Will Adshead-Grant for his time and invaluable assistance during the Internal Audit.

*Ann C Wood*

Ann C. Wood LL.B.Hons, DMS, Cert.HEd.(LPS)  
8<sup>th</sup> July 2022

### **Items Raised by the 2020/2021 Audit**

It is my understanding that previous audits have not actually included a written report to Council and therefore, I am unable to identify/comment on the 2018/2019 Audit.

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

1. Two samples were undertaken and both were found not to have been authorised by the Council. This happened at a time when the Council was moving from cheques to online payments and it will be checked in the 2022/2023 Audit
2. The reserves are quite high at £20146.00 for a Council precepting £7600.00. The Council should adopt a Reserves Policy
3. The Precept requested and received does not agree to the figure published by PKF Littlejohn which is £7603.00. This will be queried with Chelmsford City Council
4. The bank reconciliations and balances are noted at each meeting but monthly balance to bank statement comparison reports are not presented. The Council should introduce these comparisons, to be circulated to all councillors

<b>Electorate</b>	Approx. 500		
<b>Councillors</b>	7		
<b>General Power of Competence</b>	Does the Council have the General Power of Competence?	No	The Council operates under S137 of the LGA 1972
<b>LCAS</b>	Has the Council attained any of the LCAS levels?	No	
<b>Reserves</b>	Are the general reserves reasonable for the activities of the Council?	No	The reserves are quite high at £20146.00 for a Council precepting £7600.00. The Council should adopt a Reserves Policy
	Are earmarked reserves identified?	Yes	There is £22800.00 CIL money earmarked
<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	Barclays Bank – Current Account 60717908		£5731.07
	Unity Trust Bank – Deposit Account 10924539		£39449.09
Petty Cash	Not Applicable		
Income			Precept - £7600.00
			This does not agree to the figure published by PKF Littlejohn which is £7604.00. This will be queried with Chelmsford City Council
			Other Income - £10622.39
			This includes interest, CIL monies, grants and other income

VAT	The Council is not registered for VAT	No VAT claim was made during the year
ICO Registration	Data Protection Registration Number – ZB281441	Registered on 2 <sup>nd</sup> February 2022. Expires on 1 <sup>st</sup> February 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  The bank reconciliations and balances are noted at each meeting but monthly balance to bank statement comparison reports are not 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 on 4 <sup>th</sup> May 2021 at item 2021/265  Financial Regulations were reviewed on 4 <sup>th</sup> May 2021 at item 2021/266
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	Two samples were undertaken and both were found not to have been authorised by the Council  No claim was made during the year  There is a separate column in the accounts for
	Are payments in the cashbook supported by invoices, authorised and minuted?	No	
	Has VAT on payments been identified, recorded and reclaimed?	Yes	
	Is s137 expenditure separately recorded and within	Yes	

	<p>statutory limits?</p> <p>Tenders exceeding the £25,000 threshold have been advertised on the Contract Finders website</p>	N/A	Grants but it is not specifically labelled as S137
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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 2021/2022 were read and no unusual financial activity was noted
	Do the minutes record the council carrying out an annual risk assessment?	Yes	<p>A financial/reputational risk assessment was carried out during the year and was agreed on 9<sup>th</sup> November 2021 at item 2020/216</p> <p>Risk assessment should include reference to the General Data Protection Regulations 2018</p>
	Is insurance cover appropriate and adequate?	Yes	<p>The Council is insured with RSA Policy Number RKL176640/PC/000168 through Community Action Suffolk. This is part of a three-year long-term agreement which expires on 31<sup>st</sup> May 2023. The policy has been seen. Employers Liability and Public Liability are both set at £10 million</p> <p>Fidelity Cover = recommended guidelines of year end balances + 50% of the precept</p>
	Are internal financial controls documented and regularly reviewed?	No	An Internal Financial Control document should be investigated
	Has the Council adopted a Code of Conduct?	Yes	The Council has adopted the Chelmsford City Council Code of Conduct on 13 <sup>th</sup> September 2021
	Was the Annual Parish Council Meeting held within the prescribed timeframe?	Yes	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 4 <sup>th</sup> May 2021 and the first item

	Was the Annual Parish Meeting held within the prescribed timeframe?	Yes	2021/258 was the election of the Chairman. A Parish Meeting must be held annually between 1 <sup>st</sup> March and 1 <sup>st</sup> June (both inclusive). The Annual Parish Meeting took place on 14 <sup>th</sup> March 2022
Budgetary Controls	Has the council prepared an annual budget in support of its precept?	Yes	A budget was agreed at item 2020/221 on 9 <sup>th</sup> November 2020. The Precept was agreed on the same date at item 2020/222 at £7600.00
	Is actual expenditure against the budget regularly reported to the council?	No	The receipts and payments are presented to the Council and minuted but no comparison is produced. This will be reviewed in the 2022/2023 Audit
	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 income payments are now made by bank transfer or online payment
	Does the precept recorded agree to the Council Tax authority's notification?	Yes	The Council Precepted £7600.00 but Chelmsford City Council gave the figure of £7603.00 to PKF Littlejohn. This is being queried with the City Council
	Are security controls over cash and near-cash adequate and effective?	N/A	Most income payments are now made by bank transfer or online payment
	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	

Payroll Controls	Has a Responsible Financial Officer been appointed with specific duties?	Yes	The current Clerk took on the role in 2017 and there is specific mention of the appointment as RFO
	Do all employees have contracts of employment with clear terms and conditions?	Yes	The Clerk is the only employee and the contract of employment has been seen
	Do salaries paid agree with those approved by the Council?	Yes	The Council employs DM Payroll to calculate the payroll
	Are other payments to employees reasonable and approved by the Council?	Yes	Mileage is paid
	Have PAYE/NIC been properly operated by the Council as an employer?	Yes	The Council employs DM Payroll to calculate the payroll and regular payments are made to HMRC
Asset Controls	Does the council maintain a register of all material assets owned or in its care?	Yes	<p>It should be noted that the asset value listed in the Asset Register should be the same as that recorded on the AGAR. This is the case at £33549.00</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	The bank reconciliations are done on a bi-monthly basis at the Council meetings
	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	
	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	
Is there a Certificate of Exemption?	Yes	Signed 9 <sup>th</sup> May 2022 at item 2022/436	

Auditor's Reports	Was the Internal Auditor's Report reported to the Council?	Yes	The report was agreed at the Council meeting on 28 <sup>th</sup> July 2021 at item 2021/317
	Was the External Auditor's Report reported to the Council?	N/A	The Council is exempt from a review by the External Auditor under Section 9 Local Audit (Smaller Authorities) Regulations 2015

Loan	Were any loans made to volunteer bodies during the year?	No	
PWLB		No	

Donation to the Church	Does the Council make any grants to the church?	No	
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