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### **Internal Audit Report for Great Waltham 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 2023 to 31<sup>st</sup> March 2024. The Audit was carried out on 18<sup>th</sup> June 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.

I have raised three issues which need to be addressed by the Council during the 2024-2025 financial year. 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.HE  
22<sup>nd</sup> June 2024

### Items Raised by the 2022/2023 Audit

No items to be raised

### Items Raised by the 2023/2024 Audit

1. The minutes do not show that a financial/ reputational risk assessment was carried out during the year. The Council must make certain that this issue is addressed every year
2. A Parish Meeting must be held annually between 1<sup>st</sup> March and 1<sup>st</sup> June (both inclusive). The Annual Assembly took place on 5<sup>th</sup> June 2023
3. The External Auditor's report was not considered by the Council. The Council must consider the External Auditor's report and if applicable note an action plan for dealing with any qualifications

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| <b>Electorate</b>                  | Approx. 2000   |     |  |
| <b>Councillors</b>                 | 11   |     |  |
| <b>General Power of Competence</b> | Does the Council have the General Power of Competence?                 | Yes | The Council resolved to have the General Power of Competence in May 2023                           |
| <b>LCAS</b>                        | Has the Council attained any of the LCAS levels?                       | Yes | Foundation level   |
| <b>Reserves</b>                    | Are the general reserves reasonable for the activities of the Council? | No  | The general reserves are not within the PKF Littlejohn's recommended amount of 50%-100% of Precept |
|                                    | Are earmarked reserves identified?                                     | Yes | There are earmarked reserves over four headings  |
| <b>Sole Trustee</b>                | Is the Council a sole trustee of any charity                           | No  |  |

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| <b>Accounting Basis</b> | <b>Receipts and Payments</b>                   |  |   |
| Bank Accounts           | Unity Trust Bank – Current Account 20394204    |  | £4519.66  |
|                         | Unity Trust Bank – Deposit Account 20394217    |  | £34367.53   |
| Petty Cash              | Not Applicable                                 |  |   |
| Income                  |  |  | Precept - £84366.00   |
|                         |  |  | This does not agree to the figure published by PKF Littlejohn - £84348.00. This is being queried with Chelmsford City Council |
|                         |  |  | Other Income - £12800.00  |
|                         |  |  | This includes bank interest, VAT refund, allotment rents, pavilion rents and other income                                     |
| VAT                     | The Council is not registered for VAT          |  | Two VAT claims were made during the year and the refunds received   |
| ICO Registration        | Data Protection Registration Number – Z2154957 |  | Registered on 17 <sup>th</sup> March 2010. Expires on 16 <sup>th</sup> March 2025   |

| <b>Internal Control</b> | <b>Testing</b>                               |     | <b>Comments</b>  |
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| Proper bookkeeping      | • Is the cashbook maintained and up to date? | Yes | The Council now uses Advantage Edge 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 and reconciliations are noted at each Council meeting and the balance to bank statement comparison reports are |

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|   |  |     | presented quarterly to the Finance & General Purposes committee and then the full council  |
| Standing Orders and Financial Regulations | Has the Council formally adopted standing orders and financial regulations?                  | Yes | The Standing Orders were reviewed on 22 <sup>nd</sup> May 2023 at item 23/1489<br><br>Financial Regulations were reviewed on 22 <sup>nd</sup> May 2023 at item 23/1490                                 |
| Other Policies                            | Has the Council formally adopted other policies?   | Yes | A list of policies is available on the website   |
| 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 looked at and found to be correct   |
|   | Has VAT on payments been identified, recorded and reclaimed?                                 | Yes | Two claims were made during the year   |
|   | 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 2023/2024 were read and no unusual financial activity was noted   |
|   | Do the minutes record the council carrying out an annual risk assessment?                    | No  | The minutes do not show that a financial/ reputational risk assessment was carried out during the year<br><br>Risk assessment should include reference to the General Data Protection Regulations 2018 |
|   | Is insurance cover appropriate and adequate?   | Yes | The Council is insured with Aviva LCO01197   |

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|                    | <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>No</p> | <p>through BHIB. This is part of a three-year long-term agreement<br/>The Employer Liability is £10 million and the Public Liability is £10 million</p> <p>Fidelity Cover = recommended guidelines of year end balances + 50% of the precept</p> <p>An Internal Financial Control document should be investigated.</p> <p>The Council adopted the amended LGA/Chelmsford City Council Code of Conduct on 19<sup>th</sup> December 2022 at item 22/1345</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 22<sup>nd</sup> May 2023 and the first item 23/1472 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 Assembly took place on 5<sup>th</sup> June 2023</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 22/1319 on 21<sup>st</sup> November 2022. The Precept was agreed on the same date at item 22/1320 at £84366.00</p> <p>The receipts and payments are presented to the Council and minuted and a comparison is presented</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>Yes</p>                                | <p>The majority of income payments are now made by bank transfer or online payment</p>   |

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|  | Does the precept recorded agree to the Council Tax authority's notification? | No  | The Council precepted £84366.00, which was paid to them. However, Chelmsford City Council notified the External Auditor that the Precept was £84348.00. This is being queried by the Parish Council |
|  | Are security controls over cash and near-cash adequate and effective?        | Yes | Most payments are received directly into the bank account with the exception of a couple of allotment rents, which are promptly banked  |
|  | Does the Council Review its fees on a regular basis?                         | Yes | The allotment rents are set by the landowner and a service charge is added by the council. They were reviewed at item 21/874 on 21 <sup>st</sup> September 2021                                     |

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| 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?          | Yes | The current Clerk was taken on from 1 <sup>st</sup> March 2019 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 not the only employee and the contracts of employment have been seen                                      |
|                  | Do salaries paid agree with those approved by the Council?                        | Yes | The payroll is outsourced to DM Payroll, who submit by RTI   |
|                  | Are other payments to employees reasonable and approved by the Council?           | Yes | Mobile telephone and mileage   |
|                  | Have PAYE/NIC been properly operated by the Council as an employer?               | Yes | Regular payments are made to HMRC and Essex Pension Fund   |
| Asset Controls   | Does the council maintain a register of all material assets owned or in its care? | Yes |  |

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|  | Are the assets and Investments registers up to date? | Yes | 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 £530981.00<br><br>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 |
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| Bank Reconciliation | Is there a bank reconciliation for each account?                        | Yes | The bank reconciliations are noted at the monthly 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  |  |

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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 |  |
|                     | Is there an audit trail from underlying financial records to the accounts?  | Yes | Two samples were looked at 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 statements for the Year End 31 <sup>st</sup> March 2024 were signed on 22 <sup>nd</sup> April 2024 at item 24/1827 |
|                     | Is there a Certificate of Exemption?  | N/A |  |

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| Auditor's Reports | Was the Internal Auditor's Report reported to the Council? | Yes | A written report was considered by the Council at item 23/1582 on 17 <sup>th</sup> July 2023 and was noted |
|                   | Was the External Auditor's Report reported to the Council? | No  | The External Auditor's report was not considered by the Council  |

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| Loan | Were any loans made to volunteer bodies during the year? | No |  |
| PWLB | Does the Council have any loans from the PWLB?           | No |  |

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