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Internal Audit Report for Pleshey 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 1st 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

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8th July 2022

Items Raised by the 2020/2021 Audit

From a reading of the minutes for 2021/2022, the Internal Auditor's report was not considered by the Council. Whilst items were raised, they were not formally considered

Items Raised by the 2021/2022 Audit

1. The Precept requested and received by the Council does not agree to the figure published by PKF Littlejohn, which is £8435.00. This is being raised as a query with Chelmsford City Council
2. The General Reserve is quite low at £2356.00, when the Council precepts £8432.00. The Council should consider raising the reserves and adopting a Reserves Policy
3. There is no record of the Council's registration on the ICO website and the Council should address this matter
4. The Precept was agreed on 14th October 2020 at item 2020/310. The total Precept figure was not recorded and this should be rectified

Electorate	Approx. 200		
Councillors	7		
General Power of Competence	Does the Council have the General Power of Competence?	No	The Council operates under S137 of the LGA 1972
LCAS	Has the Council attained any of the LCAS levels?	No	
Reserves	Are the general reserves reasonable for the activities of the Council?	No	The General Reserve is quite low at £2356.00, when the Council precepts £8432.00. The Council should adopt a Reserves Policy
	Are earmarked reserves identified?	Yes	£22910.00 for new play equipment
Sole Trustee	Is the Council a sole trustee of any charity?	No	

Accounting Basis	Receipts and Payments		
Bank Accounts	Barclays Bank – Current Account 90097578		£2225.82
	Barclays – Deposit Account 00599697		£23040.53
Petty Cash	Not Applicable		
Income			Precept - £8432.00
			This does not agree to the figure published by PKF Littlejohn which is £8435.00. This is being raised as a query with Chelmsford City Council
			Other Income - £1252.28
			This includes interest, 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	There is no record of registration on the ICO website and the Council should address this matter

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 and adopted on 5 th May 2021 at item 2021/450 Financial Regulations were reviewed and adopted on 5 th May 2021 at item 2021/451
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 completed on this occasion, one of which was found to be minuted as an online payment rather than a cheque The VAT has been identified and recorded but 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?	Yes	
	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 payments. This should be changed
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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	A financial/reputational risk assessment was carried out during the year and was agreed and minutes at item 2021/455 On 5 th May 2021
	Is insurance cover appropriate and adequate?	Yes	<p>Risk assessment should include reference to the General Data Protection Regulations 2018</p> <p>The Council is insured with Zurich Policy YLL-2720842593. Employers Liability is £10 million and Public Liability is £12 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 adopted the Chelmsford City Council Code of Conduct in 2012. This is to be reviewed, following an updating of the Code by the City Council
	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 5 th May 2021 and the first item 2021/445 was the election of the Chairman

	Was the Annual Parish Meeting held within the prescribed timeframe?	Yes	A Parish Meeting must be held annually between 1 st March and 1 st June (both inclusive). The Annual Assembly took place on 5 th May 2021
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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 2020/309 on 14 th October 2020. The Precept was agreed on the same date at item 2020/310. The Precept figure was not recorded
	Is actual expenditure against the budget regularly reported to the council?	No	The receipts and payments are presented to the Council and minuted but a comparison is not 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	All income payments are received by bank transfer or online payment
	Does the precept recorded agree to the Council Tax authority's notification?	No	The Council Precepted £8432.00 but Chelmsford City Council gave the figure of £8435.00 to PKF Littlejohn. This is being queried with the City Council
	Are security controls over cash and near-cash adequate and effective?	N/A	
	Does the Council Review its fees on a regular basis?	N/A	All income payments are received by bank transfer or online payment

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 took on the role on 14 th January 2016. 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 a contract of employment has been seen
	Do salaries paid agree with those approved by the Council?	Yes	The Council uses DM Payroll
	Are other payments to employees reasonable and approved by the Council?	Yes	Mileage allowance is paid
	Have PAYE/NIC been properly operated by the Council as an employer?	Yes	The Council uses DM Payroll and regular payments are made to HMRC and the Essex Pension Fund
Asset Controls	Does the council maintain a register of all material assets owned or in its care?	Yes	Reviewed and agreed at item 2021/452 on 5 th May 2021
	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 £41224.00 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 presented to the Council meetings and agreed and minuted
	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 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	Year End 31 st March 2022 signed on 13 th April 2022 at items 2022/670 and 2022/671
	Is there a Certificate of Exemption?	Yes	The exemption certificate was agreed and signed on 13 th April 2022 at item 2022/672

Auditor's Reports	Was the Internal Auditor's Report reported to the Council?	No	A formal written report was given to the Council but was not reported
	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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