

Miss Ann C Wood LL.B. Hons, DMS, Cert.HE
134 Witham Road,
Black Notley,
Essex CM77 8LN
Tel - 07939 209180 e-mail - ann@letchwood.co.uk

Internal Audit Report for Southminster Parish Council

I am pleased to report that I have completed my Internal Audit for the Parish Council for the period 1st April 2024 to 31st March 2025. The Audit was carried out on 24th April 2025.

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 but there are several issues that need to be addressed. 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, Joanna Jeffrey for her assistance during the Internal Audit.

Ann C Wood

Ann C. Wood LL.B.Hons, DMS, Cert.HE.
3rd May 2025

Items Raised by the 2023/2024 Audit

1. The receipts and payments are presented to the Council and minuted but the list of payments is not available either in the minutes or on the website. A budget against spending comparison is minuted but again is not available on the website. This was raised in last year's Audit but has not been actioned
The Council now publishes a list of payments on the website
2. A budget does not seem to have been considered or minuted for the 2023/2024 year. The Council is unable to set a Precept without having considered and agreed a budget
Noted
3. The payments from Petty Cash made are rare and the balance is currently £3.05. The council should review getting rid of this petty cash account if it is not used and consider getting a credit/debit card
The Petty Cash Account was closed and purchases are made through suppliers that will allow payment on invoice
4. The Internal Auditor's report was considered on 17th July 2023 at item 23/176.01 but no plan of action was agreed to deal with the matters raised by the 2021/2022 or 2022/2023 Audits
These matters were dealt with at meetings on 4th September 2024 and 15th January 2025

Items Raised by the 2024/2025 Audit

1. The Council needs to consider a Reserves Policy, given its very high level of general and earmarked reserves. The general reserves are much higher than the recommended amount of 50-100% of precept
2. The Council must adopt a Biodiversity Policy, which has been required since 1st January 2024
3. At the end of the financial year, the Council held £742000.00 in its bank accounts and the Fidelity Cover should be reviewed to make certain that it is covered
4. The Council has a Data Protection Policy and Privacy Notice but does not have a Publication Scheme. This has been required since 2012
5. The External Auditor's Report for 2023-2024 was considered by the Council on 20th January 2025 at item 25/008. Although the Audit was qualified, the Council did not minute a plan to consider the matters raised
6. The Asset Register was seen and is up to date but does not seem to have been agreed by the Council

GENERAL			
Electorate	3000		
General Power of Competence	Does the Council have the General Power of Competence? And when was it adopted?	No	The Council operates under the LGA s137
LCAS	Has the Council attained any of the LCAS levels?	No	
Civility & Respect	Is the Council a Civility and Respect Pledge Council?	Yes	
ICO Registration	Data Protection Registration Number – ZA563855	Yes	Registered 22 nd November 2019 – Expiry 21 st November 2025
VAT Registration	Is the Council registered for VAT?	No	
Transparency Code	Is the Council a smaller authority?	No	
Committees	Does the Council have committees and if so, are there terms of reference?	Yes	
Sole Trustee	Is the Council a sole trustee of any charity?	No	

Accounting Basis	Receipts and Payments		
Bank Accounts	Unity Trust Bank – Current Account 20459770 Barclays – Business Premium Account 60825077 Barclays – Business Premium Account 60825085 NatWest - Liquidity Manager 95 Day Account 68045514		£73277.10 £188202.83 £361153.37 £114862.93
Petty Cash	Not Applicable – The account has been closed		Expenses are reimbursed to the Clerk and suppliers who will invoice are preferred

Income			<p>Precept - £155089.00</p> <p>This agrees to the figure published by PKF Littlejohn</p> <p>Other Income - £91816.00</p> <p>This includes bank interest, lettings, VAT refund, allotment rents and other income</p>
Reserves	<p>Are the general reserves reasonable for the activities of the Council?</p> <p>Are earmarked reserves identified?</p>	<p>Yes</p>	<p>The General Reserves at £357853.00 are higher than the PKF Littlejohn recommended levels of 50%-100% of precept. The Council does not have a Reserves Policy, which should be considered but does have an Investment Strategy, which should be reviewed</p> <p>New community build, general development fund, election costs, parish machinery, allotments, Neighbourhood Plan etc.</p>

Internal Control	Testing		Comments
Proper bookkeeping	<ul style="list-style-type: none"> • Is the cashbook maintained and up to date? • Is the cashbook arithmetic correct? • Is the cashbook regularly balanced? 	<p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>The Council uses Rialtas Alpha to manage the accounts and the cashbook is kept up to date.</p> <p>The bank balances are noted at each meeting and which has a comparison of spending to budget</p>

Standing Orders and Financial	Has the Council formally adopted standing orders and financial regulations?	Yes	The Standing Orders were reviewed and adopted at item PCM 25/056 on 17 th March 2025
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Regulations			The Financial Regulations were reviewed and adopted on 21 st October 2024 at item PCM 24/235
Biodiversity Policy	Has the Council adopted a Biodiversity Policy?	No	
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	Two sample expenditures from June 2024 and January 2025 were checked and found to be correct against the bank statements and minutes Three claims were made during the year in July and October 2024 and January 2025
	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 statutory limits?	Yes	
	Tenders exceeding the £30,000 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 2024/2025 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 24/208 on 16 th September 2024
	Is insurance cover appropriate and adequate?	Yes	The Council is insured with Aviva Insurance Ltd through Clear Councils Policy Number – 100723637BDN/LCO02978. The Policy has been seen

			<p>Employers Liability and Public Liability are both £10 million</p> <p>Fidelity Cover = recommended guidelines of year end balances + 50% of the precept</p> <p>At the end of the financial year, the Council held £742000.00 in its bank accounts and the Fidelity Cover should be reviewed</p>
	Are internal financial controls documented and regularly reviewed?	Yes	The Council has agreed an Internal Financial Control document and a Regular Payments List will be investigated
	Has the council adopted a Code of Conduct?	Yes	The Council adopted the LGA/Maldon District Council Code of Conduct on 4 th July 2022
	Has the Council adopted a Data Protection Policy, a Privacy Notice and Publication Scheme?	Yes	The Council has a Data Protection Policy and Privacy Notice but does not have a Publication Scheme
	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 15 th April 2024 and the first item PCM 24/123 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 15 th April 2024

Budgetary Controls	Has the council prepared an annual budget in support of its precept?	Yes	The Precept was agreed at item 24/007 on 8 th January 2024
	Is actual expenditure against the budget regularly reported to the council?	Yes	The receipts and payments are presented to the Council and minuted monthly and a comparison of expenditure to budget is produced quarterly

	Are there any significant unexplained variances from budget?	No	Any variances in budget are explained in the Annual Accounts
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Income Controls	Is income properly recorded and promptly banked?	Yes	The income is recorded in Rialtas Alpha. Most income received is by BACS or bank transfer but the small number of payments that aren't (money taken at events), are promptly banked
	Does the precept recorded agree to the Council Tax authority's notification?	Yes	The recorded Precept does agree to the Council Tax Authority's notification
	Are security controls over cash and near-cash adequate and effective?	Yes	
	Does the Council Review its fees on a regular basis?	Yes	Reviewed at item PCM 24/142 on 20 th May 2024

Petty cash procedures	The Council does not operate a petty cash system	N/A	The payments to the Clerk for reimbursement of purchases during the year under review seem very high but it is noted that the Council is still investigating the use of a credit card
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Payroll Controls	Has a Responsible Financial Officer been appointed with specific duties?	Yes	The current Clerk commenced employment on 19th June 2017 and was appointed as the RFO
	Do all employees have contracts of employment with clear terms and conditions?	Yes	The Clerk is not the only employee (there is a cleaner and a Parish Warden) and there are contracts of employment for each
	Do salaries paid agree with those approved by the Council?	Yes	The Council pays the NJC Pay Scales
	Are other payments to employees reasonable and approved by the Council?	Yes	The Council uses Microsoft Moneysoft
	Has PAYE/NIC been properly operated by the Council as	Yes	Regular notifications are made to HMRC using

	<p>an employer including the issue of P60s?</p> <p>Does the Council pay the Parish Basic Allowance?</p> <p>Employer's Reference</p>	No	RTI. Payments are made to HMRC and to the LGPS
Asset Controls	<p>Does the council maintain a register of all material assets owned or in its care?</p> <p>Are the assets and Investments registers up to date?</p>	<p>Yes</p> <p>Yes</p>	<p>The Asset Register was seen and is up to date but does not seem to have been agreed by the Council. 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>

Bank Reconciliation	<p>Is there a bank reconciliation for each account?</p> <p>Is a bank reconciliation carried out regularly and in a timely fashion?</p> <p>Are there any unexplained balancing entries in any reconciliation?</p>	<p>Yes</p> <p>Yes</p> <p>No</p>	
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Year-end procedures	<p>Are year-end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?</p> <p>Do the accounts agree with the cashbook?</p> <p>Is there an audit trail from underlying financial records to the accounts?</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>Accounts are prepared on a Receipts and Payments basis but this need to be checked with Rialtas</p> <p>Sample payments were taken from June 2024 and January 2025 and were found to be correct</p>
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	Where appropriate, have debtors and creditors been properly recorded?	N/A	There appears to be a discrepancy about which accounting basis is used by the Council and this needs to be investigated
	Were the Annual Accounts, the Annual Governance Statement and Annual Accounts and Accounting Statement signed by the Council?	No	The AGAR for the Year End 31 st March 2025 was completed but not signed, as it had not been presented to the Council
	Is there a Certificate of Exemption?	N/A	
	Has the Council published five years of the Annual Return (AGAR) on its website under The Accounts & Audit Regulations 2015?	Yes	
	Has the Council published the Notice of the period for the exercise of public rights under The Accounts & Audit Regulations 2015 on its website?	Yes	The dates set for the period were between 3 rd June 2024 and 12 th July 2024

Auditor's Reports	Was the Internal Auditor's Report reported to the Council?	Yes	The Internal Auditor's Report was reported to the Council at item 24/175 on 15 th July 2024 and a plan was agreed at item 24/203 on 16 th September 2024
	Was the External Auditor's Report reported to the Council?	Yes	The External Auditor's Report for 2023-2024 was considered by the Council on 20 th January 2025 at item 25/008. Although the Audit was qualified, the Council did not minute a plan to consider the matters raised

Loans	Were any loans made to volunteer bodies during the year?	No	
	Are there any PWLB Loans outstanding?	No	

Co-option	The co-option of members should appear on an agenda as a separate item for the Council to action	Yes	The Council has co-options as agenda items and they are minuted as such
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Grants	Does the Council make any grants to the church?	No	
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