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Internal Audit Report for Tendring Parish Council

I am pleased to report that I have completed my Internal Audit for the Parish Council for the period 1st April 2022 to 31st March 2023. The Audit was carried out on 12th April 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. The issues raised need to be considered by the Council during the financial year. It is very good to see that the Council has entered into a full training programme.

I would like to record my appreciation to the Clerk of the Council, Rachel Edwards for her invaluable assistance during the Internal Audit.

Ann C Wood

Ann C. Wood LL.B.Hons, DMS, Cert.HEd.(LPS)
20th May 2023

Items Raised by the 2021/2022 Audit

1. It should be noted that a Vice Chairman of a Council is not elected but appointed and that they do not sign a Declaration of Acceptance of Office because the office does not formally exist

Noted

2. The general reserves at £23667.36 are high for a council precepting £13000.00 a year and the Council should look at agreeing a reserves policy. PKF Littlejohn, the External Auditor, suggests a general reserve of 50% of precept. The Council should consider earmarking monies (such as S106 payments that will not be spent immediately), which would have the effect of reducing the level of the general reserve

Noted

3. Any grant paid with the precept by Tendring District Council should be entered into Box 3 and not Box 2 on the Annual Accounting Statement

Noted

4. The bank statements/reconciliations and the accounts/monthly balance/comparison reports are not presented to the Council meetings. The Council needs to investigate introducing the circulation of these documents and the minuting of the same

The Council has agreed to carry this out

5. An Internal Financial Control document should be investigated

An Internal Financial Control document was investigated and adopted at 9.22.1779 on 26th September 2022

Items Raised by the 2022/2023 Audit

1. The Council agreed its Precept figure but was not able to agree its budget until May 2022. This means that the Council did not have a proper budgeting process in place, as the Precept should come out of the budget
2. The Council did not review and agree its Asset Register within the year under review. This means that the figure entered onto the AGAR may be incorrect

Electorate			Approx. 800
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 reserves for this year are £5513.07 and the Council now has a reserves policy. However, the reserves are now on the low side of the figure recommended by PKF Littlejohn
	Are earmarked reserves identified?	Yes	There are earmarked reserves for Goose Green repairs and Public Realm improvements
Sole Trustee	Is the Council a sole trustee of any charity?	No	

Accounting Basis	Receipts and Payments		
Bank Accounts	HSBC Current Account – 91502484		£16013.07
Petty Cash	The council does not run a petty cash account but has a debit card		
Income			£30393.66
			Precept - £13000.00
			This amount does agree to the figure published by PKF Littlejohn.
			Other Income - £17393.66
			This includes S106 receipts, grants and VAT reclaim.
VAT	The Council is not registered for VAT		A VAT claim was made online in May 2023

ICO Registration	Data Protection Registration Number – ZB033124		Registered 24 th May 2021. Expires 23 rd May 2023
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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 statements/reconciliations and the accounts/monthly balance/comparison reports are presented to the Council meetings
	• 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 25 th April 2022 at item 4.22.1697 Financial Regulations were reviewed on 25 th April 2022 at item 4.22.1697
Other Policies	Has the Council formally adopted other policies?	Yes	There is list of polices available on the website and there are new policies that have been adopted since the last financial year

Payments Controls	Have items or services above the de minimus amount been competitively purchased?	N/A	No sample was completed on this occasion There is a separate column on the spreadsheet for VAT There is a separate column in the accounts for Grants specifically labelled as S137 payments
	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 £25,000 threshold have been advertised on the Contract Finders website	N/A	
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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 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 in April 2022 at item 4.22.1697 The 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 Insurance Ltd through brokers BHIB – agreed at item 4.21.1521 in April 2021. This is part of a three-year long-term agreement. The policy has been seen and the Employers Liability is up to £10 million and Public Liability is up to £10 million Fidelity Cover = recommended guidelines of year end balances + 50% of the precept
	Are internal financial controls documented and regularly reviewed?	Yes	The Council has agreed an Internal Financial Control document at 9.22.1779 on 26 th September 2022
	Has the council adopted a Code of Conduct?	Yes	The Council adopted the amended Tendring District Council Code of Conduct on 23 rd April 2018 at item 04.18.1091
	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 25 th May 2022 and the first item 5.22.1704 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 25 th April 2022
Budgetary Controls	Has the council prepared an annual budget in support of its precept?	No	There was a minuted item to agree the Precept on November 2021 at item 11.21.1627 A budget was prepared but was not agreed until 23 rd May 2022 at item 5.22.1713
	Is actual expenditure against the budget regularly reported to the council?	Yes	This is now reported to Council on a monthly basis
	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 payments made are by bank transfer or online payment except for EALC payments
	Does the precept recorded agree to the Council Tax authority's notification?	Yes	£13000.00
	Are security controls over cash and near-cash adequate and effective?	Yes	All payments made are 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 was appointed on 13 th December 2021 but this was not minuted at the time but was confirmed on 23 rd May 2022 at item 5.22.1715
	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 Clerk uses the HMRC app to calculate the payroll

	Are other payments to employees reasonable and approved by the Council?	Yes	An office allowance and mileage allowance is made to the Clerk and items are purchased by debit card
	Have PAYE/NIC been properly operated by the Council as an employer?	Yes	The Clerk submits to HMRC by RTI and payments are made regularly
Asset Controls	Does the council maintain a register of all material assets owned or in its care?	Yes	<p>The Asset Register has been reviewed but has not yet been agreed</p> <p>It should be noted that the asset value listed in the Asset Register should be 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?	No	
Bank Reconciliation	Is there a bank reconciliation for each account?	Yes	The Council only has one bank account with HSBC
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes	A reconciliation is done every month and is reported to the Council
	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	Yes	An audit trail was undertaken on this occasion

	<p>the accounts?</p> <p>Where appropriate, have debtors and creditors been properly recorded?</p> <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>N/A</p> <p>Yes</p> <p>No</p>	<p>Year End 31st March 2023 has been completed and the Annual Accounting statement for the Audit year had been completed but not presented to the Council</p> <p>The certificate will not be signed this year as the Council has exceeded the limit for exemption</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>No</p>	<p>A written report was given to the Council and noted at item 6.22.1733 on 27th June 2022. Actions were agreed by the Council</p> <p>The Council was exempt from a review by the External Auditor under Section 9 Local Audit (Smaller Authorities) Regulations 2015 for the year 2021/2022 but will not be for the year 2022/2023</p>
Donation to the Church	Does the Council make any grants to the church?	No	