

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 Tendring Parish Council

I am pleased to report that I have completed my Internal Audit for the Parish Council for the period 1st April 2023 to 31st March 2024. The Audit was carried out on 20th May 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.

Members will be pleased to know that I found the record keeping to be of a very good standard. The issues raised at the beginning of the report need to be considered by the Council during the current financial year.

I would like to record my appreciation to the Locum Clerk of the Council, Grahame Walkingshaw for his invaluable assistance during the Internal Audit.

Ann C Wood

Ann C. Wood LL.B.Hons, DMS, Cert.HEd.(LPS)
28th May 2024

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

Items Raised by the 2023/2024 Audit

1. There was no minuted item either to consider a budget or to set the Precept. This means that it was not possible to see whether the Precept was set and whether it resulted from an adequate budgeting process in place. This has resulted in Box D on the AGAR Internal Auditor's report being ticked as No
2. Two samples were taken from April 2023 and November 2023 but the minuted amount of one was not the same as the amount of money paid. The Council must make certain that all items of Expenditure agree to the original invoice, in the minutes and on the bank statements
3. The minutes of the Council meetings for the year 2023/2024 were not read because it was not possible to access them on the website. The Council must make certain that its website is accessible
4. The Precept amount received (£15069.00) does not agree to the figure published by PKF Littlejohn (£15000.00) and the Council may wish to query this with the District Council

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	
Civility & Respect Pledge	Has the Council signed the Civility & Respect pledge?	Yes	The pledge was agreed and signed at the meeting on 28 th November 2022
Reserves	Are the general reserves reasonable for the activities of the Council?	No	The general reserves for this year are £9086.89 and the Council now has a reserves policy. The general reserves are now within the 50%-100% of Precept recommended by PKF Littlejohn
	Are earmarked reserves identified?	Yes	£8700.00 There are earmarked reserves for Goose Green repairs and equipment, Public Realm improvements and election costs
Sole Trustee	Is the Council a sole trustee of any charity?	No	

Accounting Basis	Receipts and Payments		
Bank Accounts	HSBC Current Account – 91502484		£17786.89
Petty Cash	The council does not run a petty cash account but has a debit card		
Income			£32487.02
			Precept - £15069
			This amount does not agree to the figure published by PKF Littlejohn £15000.00 and the Council may wish to query this with the District Council

VAT	The Council is not registered for VAT		Other Income - £17418.02
ICO Registration	Data Protection Registration Number – ZB033124		This includes S106 monies, refunds, ticket money, donations, grants and VAT reclaim A VAT claim will be made online in May 2024 Registered 24 th May 2021. Expires 23 rd May 2024

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 24 th April 2023 at item 4.23.08 Financial Regulations were reviewed on the same date at the same item number
Other Policies	Has the Council formally adopted other policies?	Yes	There is list of polices available on the website

Payments Controls	Have items or services above the de minimus amount been competitively purchased?	N/A	Two samples were taken from April 2023 and November 2023 but the minuted amount of one was not the same as the amount of money paid
	Are payments in the cashbook supported by invoices, authorised and minuted?	Yes	

	Has VAT on payments been identified, recorded and reclaimed?	Yes	There is a separate column on the spreadsheet for VAT
	Is s137 expenditure separately recorded and within statutory limits?	Yes	There is a separate column in the accounts for Grants specifically labelled as S137 payments
	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?	N/K	The minutes of the Council meetings for the year 2023/2024 were not read because it was not possible to access them on the website
	Do the minutes record the council carrying out an annual risk assessment?	Yes	A financial/reputational risk assessment was carried out on 24 th April 2023 at item 4.23.08 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 (Policy No. LCO00278) 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 reviewed the Internal Financial Control document at on 24 th April 2023 at item 4.23.08
	Has the council adopted a Code of Conduct?	Yes	The Council adopted the new Tendring District Council Code of Conduct on 24 th April 2023 at item 4.23.09
	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

	Was the Annual Parish Meeting held within the prescribed timeframe?	Yes	councillors take office or within 14 days, or on any day in May in any other year. The meeting was held on 22 nd May 2023 and the first item 5.23.01 was the election of the Chairman A Parish Meeting must be held annually between 1 st March and 1 st June (both inclusive). The Annual Assembly took place on 27 th March 2023, which is within the legal time limit but not within the Audit year
Budgetary Controls	Has the council prepared an annual budget in support of its precept?	No	There was no minuted item either to consider a budget or to set the Precept
	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?	No	£15069 was received and £15000 was reported by the District Council – See above
	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?	N/K	The current Locum Clerk was appointed on 25 th March 2024 at item 3.25.07 but there is no minuted decision as to whether they were also

	<p>Do all employees have contracts of employment with clear terms and conditions?</p> <p>Do salaries paid agree with those approved by the Council?</p> <p>Are other payments to employees reasonable and approved by the Council?</p> <p>Have PAYE/NIC been properly operated by the Council as an employer?</p>	<p>No</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>appointed as the RFO</p> <p>There is no contract as the current Clerk is a Locum</p> <p>An office allowance and mileage allowance is made to the Locum Clerk and items are purchased by debit card</p> <p>When the Council has a permanent Clerk, it submits to HMRC by RTI and payments are made regularly</p>
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 reviewed and agreed at item 9.23.11 on 25th September 2023 and the figures agree to those on the AGAR</p> <p>It should be noted that the asset value listed in the Asset Register must 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>
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>	<p>The Council only has one bank account with HSBC</p> <p>A reconciliation is done every month and is reported to the Council</p>

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>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>Yes</p> <p>Yes</p> <p>Yes</p> <p>N/A</p> <p>Yes</p> <p>N/A</p>	<p>Accounts are prepared on a Receipts and Payments basis, as the Council is below the £200,000.00 threshold</p> <p>Samples were taken from April 2023 and November 2023 but one amount was not correctly minuted – See above</p> <p>Year End 31st March 2024 has been completed and the Annual Accounting statement for the Audit year had been completed but not presented to the Council</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>Yes</p>	<p>A written report was given to the Council and noted at item 5.23.16 on 22nd May 2023. Actions were agreed by the Council</p> <p>The Internal Auditor was appointed at item 5.23.18 on 22nd May 2023</p> <p>The External Audit report was considered by the Council at item 9.23.12 on 25th September 2023</p>
Donation to the Church	Does the Council make any grants to the church?	No	