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Internal Audit Report for Little Waltham 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 2nd 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 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, Michelle Harrison for her assistance during the Internal Audit.

Ann C Wood

Ann C. Wood LL.B.Hons, DMS, Cert.HE.
12th May 2024

Items Raised by the 2022/2023 Audit

1. The General Reserves at £61643.22 are higher than the PKF Littlejohn recommended levels of 50%-100% of precept. It is noted that the Council does have a Reserves Policy but this should perhaps be reviewed
Noted
2. The expenses reimbursed to the Clerk each month during the year under review seem very high but it is noted that the Council is now considering obtaining a credit card to cover this expenditure
Noted
3. The figure in the accounts of £49526.00 does not agree to the figure published by PKF Littlejohn, which is £49518.00. The Parish Council may wish to take this matter up with Chelmsford City Council

Items Raised by the 2023/2024 Audit

1. 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
2. The figure in the accounts of £41877.00 does not agree to the figure published by PKF Littlejohn, which is £41874.00. The Parish Council may wish to take this matter up with Chelmsford City Council

Electorate	1387		
General Power of Competence	Does the Council have the General Power of Competence?	Yes	The Council does not operate under the LGA s137 as it has adopted the General Power of Competence
LCAS	Has the Council attained any of the LCAS levels?	Yes	Foundation Level
Civility & Respect	Is the Council a Civility and Respect Pledge Council?	Yes	
Reserves	Are the general reserves reasonable for the activities of the Council?	Yes	The General Reserves at £43000.17 are slightly higher than the PKF Littlejohn recommended levels of 50%-100% of precept. The Council does have a Reserves Policy
	Are earmarked reserves identified?	Yes	Allotment deposits, the Pavilion Project, CIL monies and Memorial Hall Rose Garden maintenance
Sole Trustee	Is the Council a sole trustee of any charity?	No	The Parish Council is the custodian trustee of Little Waltham Memorial Hall

Accounting Basis	Receipts and Payments		
Bank Accounts	Unity Trust Bank – Current Account 20463591		£139394.51
	Unity Trust Bank – Deposit Account 20463601		£2472.85
Petty Cash	Not Applicable		Expenses reimbursed to the Clerk each month during the year under review seem very high but the Council is now considering a credit card
Income			Precept - £41877.00
			This does not agree to the figure published by PKF Littlejohn, which is £41874.00. The Parish

VAT	The Council is not registered for VAT	Council may wish to take this matter up with Chelmsford City Council
ICO Registration	Data Protection Registration Number – Z6684421	Other Income - £75951.71 This includes interest, CIL Payments, VAT refund, magazine advertising, allotment rents, garden licences and other income A VAT claim was made in May 2023 Registered on 23 rd May 2002. Expires on 22 nd 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 Parish Council has now moved to Easy PC Accounting for the next financial year The bank balances are noted at each meeting and there is a quarterly financial report which has a comparison of spending to budget
	• 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 at item 23/83 on 16 th May 2023. The Financial Regulations were reviewed and adopted at the same item on the same date
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 sample expenditures from June 2023 and December 2023 were checked and found to be correct
	Has VAT on payments been identified, recorded and reclaimed?	Yes	A claim was made and the refund made in May 2023
	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?	Yes	A financial/reputational risk assessment was carried out during the year and minuted at item 24/28.8 on 6 th February 2024
	Is insurance cover appropriate and adequate?	Yes	The Council is insured with Aviva Insurance Ltd through BHIB Insurance Brokers Policy Number – LCO01711. The Policy has been seen. The latter is part of a three-year long-term agreement expiring on 31 st May 2025 Employers Liability and Public Liability are both £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 and a Regular Payments List

	Has the council adopted a Code of Conduct?	Yes	The Council adopted the LGA/Chelmsford City Council Code of Conduct on 4 th October 2022 at item 22/161.1
	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 16 th May 2023 and the first item 23/73 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 7 th March 2023

Budgetary Controls	Has the council prepared an annual budget in support of its precept?	Yes	A budget was agreed at item 23/15 in January 2023 and a copy of the budget papers has been seen. The Precept was agreed on the same date at the same item
	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

Income Controls	Is income properly recorded and promptly banked?	Yes	The income is recorded on the Excel spreadsheet. Most income received is by BACS or bank transfer but the small number of payments that aren't, are promptly banked
	Does the precept recorded agree to the Council Tax authority's notification?	No	The recorded Precept does not agree to the Council Tax Authority's notification. Please see above

	Are security controls over cash and near-cash adequate and effective?	Yes	
	Does the Council Review its fees on a regular basis?	Yes	

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's Contract of Employment is dated 17 th August 2023 but has not been seen. Information from the Clerk says that the contract has specific mention of the appointment as RFO
	Do all employees have contracts of employment with clear terms and conditions?	N/A	The Clerk is the only employee. The Clerk is paid a Home Office Allowance and mileage and is reimbursed for expenditure
	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 DM Payroll Services
	Has PAYE/NIC been properly operated by the Council as an employer?	Yes	Regular payments are made to HMRC and the LGPS
Asset Controls	Does the council maintain a register of all material assets owned or in its care?	Yes	
	Are the assets and Investments registers up to date?	Yes	Asset Register was agreed at item 24/62.6 on 2 nd April 2024, which considered the Register for the 2023/2024 year. The asset value listed in the Asset Register is the same as that recorded on the AGAR

			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	
	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	Sample payments were taken from June 2023 and December 2023 and were 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?	No	
Is there a Certificate of Exemption?	N/A		

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 23/87.3 in May 2023 The Internal Auditor for 2023/2024 was appointed in October 2023 at item 23/166.4
	Was the External Auditor's Report reported to the Council?	No	The External Auditor's Report for 2022-2023 was not reported to the Council because a new clerk had only recently taken up post

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
Grant to the Church	Does the Council make any grants to the church?	No	