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### **Internal Audit Report for Tolleshunt Knights Parish Council**

I am pleased to report that I have completed my Internal Audit for the Parish Council for the period 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023. The Audit was carried out on 11<sup>th</sup> 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 an extremely high standard.

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

*Ann C Wood*

Ann C. Wood LL.B.Hons, DMS, Cert.HE  
1<sup>st</sup> May 2023

### **Items Raised by the 2021/2022 Internal Audit**

1. An Internal Financial Control document should be investigated

**An Internal Financial Control Document has been approved and adopted on 15<sup>th</sup> August 2022 at item 3376/01**

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

**Noted**

3. The office allowance for the Clerk and any other expenses or reimbursements should not appear in Box 4 of the AGAR but in Box 6

**Noted**

4. There should be a column in the accounts for S137 Grants. It is appreciated that not many of these grants are made but they must be recorded clearly and separately

**Noted**

5. The Council made a grant to St Luke's PCC towards new gates for the cemetery, which is situated in Tolleshunt Knights. Legal advice from the NALC in 2018, makes it clear that grants to the church are unlawful and this matter should be addressed by the Council

**The Council has taken appropriate advice and understands that its decision may be challenged**

### **Items Raised by the 2022/2023 Internal Audit**

1. The Council should investigate a Reserves Policy to include earmarked reserves
2. The Council's Asset Register was not reviewed during the year under review

<b>Accounting Basis</b>	<b>Receipts and Payments</b>		
Bank Accounts	Barclays – Current Account 93989046		As at 31 <sup>st</sup> March 2023 - £20316.66
Petty Cash	Not Applicable		
Income			Precept - £10000.00
			This agrees to the figure published by PKF Littlejohn
			Other Income - £4276.44
			This includes VAT refunds, football fees, playing field hire, donation for a bench and other income
VAT	The Council is not registered for VAT		VAT claims were made on 27 <sup>th</sup> November 2022 and 29 <sup>th</sup> March 2023 and were reported in the monthly finance reports to the Council
ICO Registration	Data Protection Registration - ZA221769		Registered 7 <sup>th</sup> December 2016. Expires 6 <sup>th</sup> December 2023

<b>Internal Control</b>	<b>Testing</b>		<b>Comments</b>
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.
	• Is the cashbook arithmetic correct?	Yes	
	• Is the cashbook regularly balanced?	Yes	The bank balances are noted at each meeting with monthly income and expenditure comparison reports

Standing Orders and Financial Regulations adopted	Has the Council formally adopted standing orders and financial regulations?	Yes	The Standing Orders were reviewed and adopted on 20 <sup>th</sup> June 2022, item 3347/01  Financial Regulations were reviewed and adopted on 20 <sup>th</sup> June 2022, item 3347/01
Tenders	Tenders exceeding the £25,000 threshold have been advertised on the Contract Finders website	N/A	
Other Policies	Has the Council formally adopted other policies?	Yes	A list of policies is available on the website
	Has a Responsible Financial Officer been appointed with specific duties?	Yes	The current Clerk has a contract of employment dated 19 <sup>th</sup> May 2014 and there is specific mention of the appointment as RFO.
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	All vouchers were present and a sample was completed. The invoice was initialled by two councillors and minuted
	Has VAT on payments been identified, recorded and reclaimed?	Yes	Two claims were made during the year and were repaid, recorded and minuted
	Is s137 expenditure separately recorded and within statutory limits?	Yes	There is a separate column in the accounts for Grants

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 during the year and was agreed on 25 <sup>th</sup> July 2022 at item 3361/01 Risk assessment should include reference to the General Data Protection Regulations 2018

	Is insurance cover appropriate and adequate?		The Council is insured with Aviva Insurance Ltd through BHIB Ltd insurance brokers. The policy has been seen. ELI and PLI are both at £10 million
	Are internal financial controls documented and regularly reviewed?	Yes	Fidelity Cover = recommended guidelines of year end balances + 50% of the precept An Internal Financial Control document has been approved and adopted
	Has the council adopted a Code of Conduct?	Yes	The Council adopted the Maldon District Council (LGA Amended) Code of Conduct on 25 <sup>th</sup> July 2022 at item 3362/01
	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 <sup>th</sup> May 2022 and the first item 3316/01 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 <sup>st</sup> March and 1 <sup>st</sup> June (both inclusive). The Annual Assembly took place on 24 <sup>th</sup> April 2022

Budgetary Controls	Has the council prepared an annual budget in support of its precept?	Yes	A budget was agreed at item 3270/01 on 17 <sup>th</sup> January 2022 The Precept was agreed on the same date at the same item at £10000.00
	Is actual expenditure against the budget regularly reported to the council?	Yes	Financial reports are noted at each meeting
	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	Income payments are made directly into the council's account either by online transfer or BACS
	Does the precept recorded agree to the Council Tax authority's notification?	Yes	£10000.00
	Are security controls over cash and near-cash adequate and effective?	Yes	Income is not paid in cash and payments are made direct into the bank account

Petty cash procedures	The Council does not operate a petty cash system	N/A	
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Payroll Controls	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	
	Are other payments to employees reasonable and approved by the Council?	Yes	The Council has now specified an office allowance for the Clerk
	Have PAYE/NIC been properly operated by the Council as an employer?	Yes	The Clerk submits RTI electronically and by post
Assets controls	Does the council maintain a register of all material assets owned or in its care?	Yes	The Register is currently being reviewed but was not achieved in the year under review
	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.  It should also be noted that there should be no variation in Box 9 of the AGAR from year to year unless assets have been bought or disposed of

Bank Reconciliation	Is there a bank reconciliation for each account?	Yes	The Council only has one bank account
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes	Bank reconciliations are reported to the Council meetings
	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	The vouchers were present and a sample was taken and agreed
	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	Year End 31 <sup>st</sup> March 2023 AGAR Statements were completed but are still to be presented to the Council, agreed and signed
Is there a Certificate of Exemption?	Yes	The Certificate of Exemption was completed but has not yet been agreed by the Council	

Auditor's Reports	Was the Internal Auditor's Report reported to the Council?	Yes	A written report was considered by the Council and a plan of action put into place  A new Internal Auditor was appointed at item 3464/01 on 20 <sup>th</sup> March 2023
	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

Fees	Does the Council Review its fees on a regular basis?	No	The only fees charged are for hire of the Playing Field and these are agreed at the time of the request to hire
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General Power of Competence	Does the Council have the General Power of Competence?	No	The Council operates under S137 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 reserves are significantly higher than the recommended level and the reason for this is that the Council is holding money for potential tree work
	Are earmarked reserves identified?	No	There are no earmarked reserves identified. The Council should investigate a Reserves Policy to include earmarked reserves
Sole Trustee	Is the Council a sole trustee of any charity?	No	
Grants to the Church	A grant was made to St Luke's PCC during the year under review	Yes	The Council has considered the NALC Legal Advice L01-18 regarding grants to churches