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Internal Audit Report for Tolleshunt Major 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 24th 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 note that several items have been raised and need to be addressed. 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

8th June 2024

Item Raised by the 2022/2023 Internal Audit

1. The Council should consider a Reserves Policy that includes earmarking reserves

Item Raised by the 2023/2024 Internal Audit

1. A reading of the minutes for the year show that a financial/reputational risk assessment review was not carried out. This needs to be undertaken every year
2. The minutes that should record the consideration of a budget and setting of the Precept were not available on the website, although a budget was prepared and has been seen
3. The values used in the Asset Register 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. The Asset Register was reviewed and agreed but has been completed on a depreciation basis, which is incorrect. Depreciation is not used in Local Government accounting
4. The reserves at £3630.00 are too low and not within the recommended amount of 50%-100% of Precept. The Council should consider a Reserves Policy that includes earmarking reserves

Accounting Basis	Receipts and Payments		
Bank Accounts	Barclays – Current Account 40878758		As at 31 st March 2024 - £3754.60
Petty Cash	Not Applicable		
Income			Precept - £8900.00
			This agrees to the figure published by PKF Littlejohn
			Other Income - £1680.92 This includes money from Gardening Club and VAT refunds
VAT	The Council is not registered for VAT		VAT claims were made during the year on 17 th April 2023, 22 nd November 2023 and 26 th February 2024 and were reported in the monthly finance reports to the Council
ICO Registration	Data Protection Registration – ZB344381		The Council investigated registration and registered on 12 th July 2022. Expires on 11 th July 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 and reported at meetings
	• Is the cashbook arithmetic correct?	Yes	
	• Is the cashbook regularly balanced?	Yes	

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 14 th March 2023 at item 4644.22 Financial Regulations were reviewed and adopted on 12 th September 2023 at item 4701.23
Other Policies	Has the Council formally adopted other policies?	Yes	A list of polices is available on the website
Payments Controls	Has a Responsible Financial Officer been appointed with specific duties?	Yes	The current Clerk took on the role in July 2008 and was also appointed as the RFO
	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 samples were taken and found to be correct
	Has VAT on payments been identified, recorded and reclaimed?	Yes	Claims were made and the refunds recorded and reported
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?	No	A financial/reputational risk assessment review was not carried out 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 BHIB Ltd insurance brokers. PLI cover

	Are internal financial controls documented and regularly reviewed?	Yes	is £10 million Fidelity Cover = recommended guidelines of year end balances + 50% of the precept An Internal Financial Control document was investigated and agreed on 2 nd August 2022 at item 4569.22
	Has the council adopted a Code of Conduct?	Yes	The LGA/Maldon District Council Code of Conduct was adopted on 5 th July 2022 at item 4554.22
	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 4650.23 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 16 th May 2023

Budgetary Controls	Has the council prepared an annual budget in support of its precept?	N/K	The minutes that should record the consideration of a budget and setting of the Precept were not available on the website, although a budget was prepared and has been seen
	Is actual expenditure against the budget regularly reported to the council?	Yes	The receipts and payments are presented to the Council and minuted and a monthly comparison of budgeted to actual expenditure is produced
	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 only income recorded was the payment of the Precept from Maldon District Council, VAT refunds and monies from the Gardening Club, all of which were made by bank transfer
	Does the precept recorded agree to the Council Tax authority's notification?	Yes	£8900.00
	Are security controls over cash and near-cash adequate and effective?	N/A	

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. The original was dated October 2008 and was updated in July 2014
	Do salaries paid agree with those approved by the Council?	Yes	The Clerk's salary is reviewed annually
	Are other payments to employees reasonable and approved by the Council?	Yes	It should be noted that a home office allowance is paid to the Clerk
	Have PAYE/NIC been properly operated by the Council as an employer?	Yes	Tax is submitted to HMRC by the Clerk, by post and by RTI
Assets controls	Does the council maintain a register of all material assets owned or in its care?	Yes	There are only two assets recorded – a Playing Field and a Bus Shelter
	Are the assets and Investments registers up to date?	Yes	The Asset Register was reviewed and agreed but has been completed on a depreciation basis It should be noted that the asset value listed in the Asset Register should be 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
Bank Reconciliation	Is there a bank reconciliation for each account?	Yes	There is only one bank account held by the Parish Council
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes	The bank reconciliations are reported to each Council meeting
	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	All the vouchers were present and two audit samples were undertaken and 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	The Accounts for the Year End 31 st March 2023 and the AGAR are still to be completed and considered by the Council
	Is there a Certificate of Exemption?	Yes	The Council has met the criteria for exemption from a limited assurance review under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015

Auditor's Reports	Was the Internal Auditor's Report reported to the Council?	Yes	13 th June 2023 at item 4672.23 – The items raised in the report were noted and actioned
	Was the External Auditor's Report reported to the Council?	No	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?	N/A	The Playing Field is used only for public Recreation and is not let out
General Power of Competence	Does the Council have the General Power of Competence?	No	The Council operates under the LGA s137
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 at £3630.00 are too low and not within the recommended amount of 50%-100% of Precept
	Are earmarked reserves identified?	No	The Council should consider a Reserves Policy that includes earmarking reserves
Sole Trustee	Is the Council a sole trustee of any charity?	No	

Annual Internal Audit Report 2023/24

Tolleshunt Major Parish Council

<https://www.tmpc.org.uk/>

During the financial year ended 31 March 2024, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2023/24 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.		✓	
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.		✓	
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2022/23 AGAR tick "not covered")	✓		
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	✓		
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2023-24 AGAR period, were public rights in relation to the 2022-23 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2022/23 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

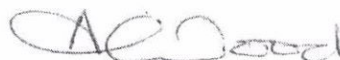
Date(s) internal audit undertaken

24/05/2024 08/06/2024

Name of person who carried out the internal audit

Miss Ann C Wood of Letchwood

Signature of person who carried out the internal audit



Date

08/06/2024

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

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C. The Parish Council did not undertake a risk assessment during the year under review but this will be dealt with as soon as possible in the new financial year

D. From reading the minutes of the Parish Council, there is no item relating to consideration of an adequate budgetary process and as to how the Precept was arrived at

F. The Parish Council does not have Petty Cash

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Letchwood