

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 Great Chesterford 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 21st June 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.

The matter of the charitable trust and the Council's role as the sole trustee is still ongoing. The Parish Council should try and resolve this matter during the 2023-2024 year. I found the record keeping to be of a good standard.

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

Ann C Wood

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21st June 2023

Items Raised by the 2021/2022 Internal Audit

1. The Standing Orders and Financial Regulations were adopted in August 2018 and need to be reviewed as a matter of urgency
Noted and actioned
2. An Internal Financial Control document should be investigated and implemented
Noted and actioned
3. The Conclusion of the Audit was noted on 13th October 2021 at item 21/128. However, the Council did not note the “Except For” matter raised by the External Auditor or put forward a plan for dealing with the matter. The Council must agree a plan to deal with matters raised by the Internal and the External Auditors and this should be minuted
Noted and actioned
4. The office allowance for the Clerk should not appear in Box 4 of the AGAR but in Box 6
Noted and actioned
5. A financial/reputational risk assessment review was not carried out during the audit year and is due to be considered in June 2022. The Council should formally record the Risk Assessment in the minutes. This should be reviewed in the 2022/2023 audit
Noted and actioned
6. The accounts for the charitable trust have been completed as in previous years but the status of the charitable trust and how this is dealt with by the sole trustee (the Parish Council) needs to be investigated as a matter of urgency in the 2022-2023 financial year
Noted and actioned

Items Raised by the 2022/2023 Internal Audit

The issue of the Parish Council’s position as the sole trustee was raised last year during the internal audit. The Council is now taking legal advice on this matter, although it is quite clear from the records on the Charity Commission’s website that the Parish Council is the sole trustee of the Great Chesterford Recreation Ground Trust Charity Number 1080572.

The charity does have two bank accounts but there are no accounts to be audited. It is highly recommended that the Parish Council resolves this issue during the 2023-2024 audit year.

Accounting Basis	Receipts and Payments		
Bank Accounts	Unity Trust Bank – Current Account XXXX3238 Unity Trust Bank – Deposit Account XXXX3241		As at 31 st March 2023 - £22105.65 £125700.66
Petty Cash	Not Applicable		
Income			Precept - £95000.00 This agrees to the figure published by PKF Littlejohn Other Income - £29870.00 This includes interest, grants and VAT refund
VAT	The Council is not registered for VAT		Two VAT claims were made during the year on and 31 st October 2022 and 3 rd April 2023 and were reported to the Council
ICO Registration	Data Protection Registration Number – ZA450723		Registered 17 th August 2018. Expires 16 th August 2023

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 The bank reconciliations and income and expenditure comparison reports are noted at each meeting
	• 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 adopted on 13 th July 2022 at item 22/207(i) Financial Regulations were adopted on 13 th July 2022 at item 22/207(ii)
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 took on the role on 1 st January 2022 and was appointed as the RFO as well on 9 th February 2022 at item 22/18
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	The vouchers were present and two audit samples were undertaken and found to be correct
	Has VAT on payments been identified, recorded and reclaimed?	Yes	Claims were made and the refunds recorded
	Is s137 expenditure separately recorded and within statutory limits?	Yes	There is a separate column in the accounts for Grants and it is specifically labelled as S137 payments

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 review was carried out during the audit year on 9 th November 2022 at item 22/152 Risk assessment should include reference to the General Data Protection Regulations 2018

	Is insurance cover appropriate and adequate?	Yes	The Council is insured with Zurich Municipal, policy number YLL-2720447463. The policy has been seen. Public Liability insurance is £12 million and Employer's Liability is £10 million Fidelity Cover = recommended guidelines of year end balances + 50% of the precept
	Are internal financial controls documented and regularly reviewed?	Yes	An Internal Financial Control document was adopted 9 th November 2022 at item 22/153
	Has the council adopted a Code of Conduct?	Yes	The LGA/Uttlesford Code of Conduct was adopted on 11 th January 2023 at item 23/19
	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 11 th May 2022 and the first item 22/75 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 Parish Meeting was held on 31 st May 2022

Budgetary Controls	Has the council prepared an annual budget in support of its precept?	Yes	A budget was agreed at item 21/158 ii on 7 th December 2022. The Precept was agreed on the same date at item 21/158 iii at £95000.00.
	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 recorded income was the payment of the Precept from Uttlesford District Council, the receipt of grants, interest and VAT refunds, all of which were made by bank transfer
	Does the precept recorded agree to the Council Tax authority's notification?	Yes	£95000.00
	Are security controls over cash and near-cash adequate and effective?	N/A	See above

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 not the only employee and contracts of employment have been seen
	Do salaries paid agree with those approved by the Council?	Yes	The employee's salaries are reviewed annually
	Are other payments to employees reasonable and approved by the Council?	Yes	There is an allowance paid to the Clerk for the use of a room in her house as an office and mileage is paid
	Have PAYE/NIC been properly operated by the Council as an employer?	Yes	The Council uses a payroll company and the information is submitted to HMRC by the Clerk on a quarterly basis by RTI. Payments are made and recorded
Assets 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	The last version of the Asset Register is dated 31 st March 2023 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
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Bank Reconciliation	Is there a bank reconciliation for each account?	Yes	There are two bank accounts held by the Parish Council and the monthly reconciliation contains both
	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	
	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?	Yes	The Accounts for the Year End 31 st March 2023 and the AGAR were agreed by the Council on 17 th May 2023 at items 22/94iv
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 for 2021/2022 was noted on 8 th June 2022, item 22/89
	Was the External Auditor's Report reported to the Council?	Yes	The Conclusion of the Audit was noted on 12 th October 2022 at item 22/127 iii. The "Except For" matters raised by the External Auditor were considered and actions will be taken

Fees	Does the Council Review its fees on a regular basis?	N/A	The Playing Field is owned by the Charitable Trust
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Electorate	Approx. 1748 population		
Councillors	9		
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?	Yes	The general reserves at £36806.00 are within the recommended amount of 50-100% of precept
	Are earmarked reserves identified?	Yes	The Council has earmarked reserves. Any variations should be passed by resolution and minuted
Sole Trustee	Is the Council a sole trustee of any charity?	Yes	Great Chesterford Recreation Ground Trust Charity Number 1080572 Unity Trust Bank – Current Account XXXX3649 Unity Trust Bank – Current Account XXXX3652 The accounts have been completed as in previous years but the status of the charitable

			trust and how this is dealt with by the sole trustee (the Parish Council) is being investigated and the Parish Council is taking legal advice
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