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## Internal Audit Report for Finchingfield 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 2023 to 31<sup>st</sup> March 2024. The Audit was carried out on 8<sup>th</sup> 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.

The matters highlighted from the 2022-2023 financial year were partly address, although it is difficult to see because no plan was recorded when the Internal Audit report was discussed. Some other issues appear not to have been addressed during the 2023-2024 year. All items raised by the report should be addressed and properly reported, as per the recommendation.

I would like to record my appreciation to the Clerk of the Council/RFO Kevin Money for his invaluable assistance during the Internal Audit.

*Ann C Wood*

Ann C. Wood LL.B.Hons, DMS, Cert.HE  
18<sup>th</sup> May 2024

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

1. In the previous year, it was noted that the reserves at £66150.22 were on the high side for a Council precepting £44742.00. It was recommended that the Council should adopt a Reserves Policy and should identify any earmarked reserves. However, there is no record of this happening and the policy is not available on the website
2. In the previous year it was recommended that whilst the bank balances were noted at each meeting, monthly or quarterly balance to bank statement comparison reports were not presented. The Council agreed at the beginning of the 2022-2023 year that this would happen it appeared as a minuted item. Since September/October 2022, this no longer appears as a minuted item
3. There are a few issues contained in the body of the Report that should be considered by the Council. They are minor issues but if they are considered and some changes agreed, this would tidy up the Council's systems
4. **The Council as Sole Trustee** – The Council has undertaken its role as in previous years. However, it is noted that the meetings held by the Trust are items on the parish council agendas and appear to be included in the parish council meeting minutes. The meetings of the Trust must be completely separate and must have separate agendas and minutes and be posted on the website

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

1. The Council has undertaken its role as the sole trustee as in previous years. The meetings of the Trust are completely separate and have separate agendas and minutes. No accounts have been seen
2. A formal written report from the Internal Audit was given to the Council on 27<sup>th</sup> June 2023 at item 31/23 but there does not appear to be a minuted plan to deal with the matters raised
3. There are no minuted lists of receipts and payments
4. There is no minuted evidence that a budget was discussed and it is difficult to see whether the Precept was formally set. There is no figure given for the Precept

<b>Electorate</b>	Approx 1200		
<b>Councillors</b>	9		
<b>General Power of Competence</b>	Does the Council have the General Power of Competence?	No	For the year under review the Council operated under the LGA S137
<b>LCAS</b>	Has the Council attained any of the LCAS levels?	No	
<b>Reserves</b>	Are the general reserves reasonable for the activities of the Council?	Yes	The general reserves are within the amount recommended by PKF Littlejohn
	Are earmarked reserves identified?	Yes	There were earmarked reserves of £27729.79 which include election expenses, legal costs, Forest School Play Area, WASC, Neighbourhood Plan and Neighbourhood Watch
<b>Sole Trustee</b>	Is the Council a sole trustee of any charity?	Yes	Finchingfield Village Hall Trust and Finchingfield Sports Field Charity Number – 301302 and 301302-1  The Council has undertaken its role as in previous years. The meetings of the Trust are completely separate and have separate agendas and minutes. No accounts have been seen

<b>Accounting Basis</b>	<b>Receipts and Payments</b>		
Bank Accounts	Unity Trust Bank – Current Account 20454047		£30460.31
	Unity Trust Bank – Deposit Account 20466417		£27651.67
Petty Cash	Not Applicable		
Income			Precept - £62693.00

VAT	The Council is not registered for VAT	This agrees to the figure published by PKF Littlejohn
ICO Registration	Data Protection Registration Number – Z2791198	Other Income - £82043.00  This includes BDC Street Cleansing, wayleave, interest, ECC Grass Cutting grant, VAT refund, donation, payment of insurance claim, S106 payment and other income  The claim for the previous year was made in April 2023 and another in November 2023 for a part year  Registration 2 <sup>nd</sup> August 2011. Renewal on 1 <sup>st</sup> August 2024

Internal Control	Testing		Comments
Proper bookkeeping	• Is the cashbook maintained and up to date?	Yes	The Council uses an Excel spread sheet to manage the accounts and the cashbook is kept up to date
	• Is the cashbook arithmetic correct?	N/K	There were no accounts/balance sheet available, so it was not possible to confirm
	• Is the cashbook regularly balanced?	N/K	There are no minuted lists of receipts and payments

Standing Orders and Financial Regulations	Has the Council formally adopted standing orders and financial regulations?	Yes	The Standing Orders were reviewed on 27 <sup>th</sup> June 2023 at item 33/23 and re-adopted  Financial Regulations were reviewed on 27 <sup>th</sup> June 2023 at item 33/23 and re-adopted
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Other Policies	Has the Council formally adopted other policies?	Yes	A list of polices is available on the website
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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 samples were completed on this occasion from July 2023 and January 2024 and were found to be correct
	Has VAT on payments been identified, recorded and reclaimed?	Yes	The claim for the previous year was made in April 2023 and another in November 2023 for a part year
	Is s137 expenditure separately recorded and within statutory limits?	N/A	The Council has not made any S137 Grants during the year
	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 adopted on 27 <sup>th</sup> June 2023 at item 22/039  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-2720443173. This is part of a three-year long-term agreement, which expires on 1 <sup>st</sup> June 2025. The policy has been seen and Public/Product Liability is £10 million and Employers Liability is £10 million

	Are internal financial controls documented and regularly reviewed?	N/K	Fidelity Cover = recommended guidelines of year end balances + 50% of the precept An Internal Financial Control document does not seem to have been reviewed/adopted
	Has the council adopted a Code of Conduct?	Yes	The Council adopted the LGA Code of Conduct on 26 <sup>th</sup> July 2022
	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 9 <sup>th</sup> May 2023 and the first item 01/23 was the election of a Chairman for the meeting. The Chairman for the year was elected on 27 <sup>th</sup> June 2023 at item 24/23
	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 Parish Meeting took place on 9 <sup>th</sup> May 2023

Budgetary Controls	Has the council prepared an annual budget in support of its precept?	No	There is no minuted evidence that a budget was discussed and it is difficult to see whether the Precept was set properly. There is no figure given for the Precept
	Is actual expenditure against the budget regularly reported to the council?	No	The receipts and payments are presented to the Council but not minuted. A comparison to budget is received
	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	Most payments are made by bank transfer and online payments
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	Does the precept recorded agree to the Council Tax authority's notification?	Yes	£62693.00
	Are security controls over cash and near-cash adequate and effective?	Yes	The majority of payments are made by bank transfer and online payments. Any cheques received are banked as soon as is practicable
	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	
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Payroll Controls	Has a Responsible Financial Officer been appointed with specific duties?	N/K	The current Clerk took on the role on 6 <sup>th</sup> January 2024 and a contract was signed on 10 <sup>th</sup> January 2024
	Do all employees have contracts of employment with clear terms and conditions?	Yes	The Clerk is the only employee
	Do salaries paid agree with those approved by the Council?	Yes	
	Are other payments to employees reasonable and approved by the Council?	Yes	The Clerk is paid a home office allowance
	Have PAYE/NIC been properly operated by the Council as an employer?	Yes	The Council uses P M Smith for the payroll calculation and a payroll slip was seen. Regular payments are shown as being made to HMRC
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	It should be noted that the asset value listed in the Asset Register should be the same as that recorded on the AGAR. This appeared to be the case  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 from the previous year, 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?	N/K	There were no accounts/balance sheet available against which to check the cashbook
	Is there an audit trail from underlying financial records to the accounts?	Yes	Two items were followed on an audit trail 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?	Yes	Year End 31 <sup>st</sup> March 2024 is completed but not yet approved and signed
	Is there a Certificate of Exemption?	N/A	
	Dates of the period for the exercise of Public Rights		19 <sup>th</sup> June 2023 to 28 <sup>th</sup> July 2023



Auditor's Reports	Was the Internal Auditor's Report reported to the Council?	Yes	A formal written report was given to the Council on 27 <sup>th</sup> June 2023 at item 31/23 but there does not appear to be a minuted plan to deal with the matters raised
	Was the External Auditor's Report reported to the Council?	Yes	A report was noted from the external audit at item 097/2023  The reports from both the Internal and External Auditors should be agenda items for consideration by the Council. The decisions made about what actions to take on the reports must be recorded in the minutes

Loan	Were any loans made to volunteer bodies during the year?	No	
PWLB	Are there any outstanding loans by the PWLB (or others) to the Council	No	

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