



LetchWood Business Management  
134 Witham Road,  
Black Notley,  
Essex CM77 8LN  
Tel 07932 144777 e-mail info@letchwood.co.uk

**Internal Audit Report for Takeley Parish Council**  
**21<sup>st</sup> April 2023**

**Summary.**

As has been noted in previous audits, there have been continuing personnel problems in the office. The Council has now appointed a permanent Clerk to act as Proper Officer and Responsible Financial Officer. The oversights and omissions to procedure noted in the previous audit are being addressed by the Clerk and the previous Clerk, who continues to support the Council. The Council now received regular budget and expenditure reports which are accepted by resolution.

Auditor appointed at march full council minute 8  
Adopted UDC's code of conduct January full council minute 14  
Governance statement agreed at minute June 9a  
Accounting statement approved at minute June 9c  
Precept figure for 21/22 agrees with published PKF figure £160,495

In previous audits I noted that the Council has taken advice from the County Association and on that basis has agreed to continue awarding a reduced grant of £600 for works to the churchyard. Provided the Council is satisfied that the work is relevant and necessary, the council should consider using the 1906 Open Spaces act Section 9b for the legal basis for this work. The guidance of NALC Legal Topic L01-18 should also be taken into consideration as this expenditure may be challenged.

In the 2021 audit, it was recommended that the council considered introducing a more structured approach to administration, staff management and personnel. I note that the council has agreed to purchase the Rialtas accounting package which was installed in the 2022-3 audit year, but operational difficulties and staff shortages meant that it could not be used during the audit year. The Council's file management has been consolidated on OneDrive as part of an Office 365 package and work on categorising the filing system continues.

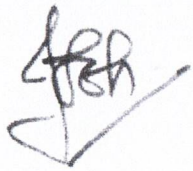
I note that the council has applied for a debit card but should be aware that the Lloyds card provided by Unity Bank behaves like a credit card and should be accounted as such. It may be helpful to treat it as a separate cashbook to avoid problems with outstanding payments at year end.

Exclusion of press and public should be by applying The Public Bodies (Admission to Meetings) Act 1960 Sec 1 (2) rather than Section 100(a)4 of the 1972 Act.

When the Clerk was appointed, there was no explicit mention of the role of Proper Officer. I recommend that this is resolved at a later meeting.

You are reminded that council funding is a grant not a donation (Full Council December minute 13)

As mentioned in the previous audit, with the evolving nature of hall usage, the council could consider establishing a separate cashbook to manage the account and keep the routine transactions separate from the business of the council. It may also consider a more formal structure to manage the café as a separate entity such as a charitable trust or company limited by guarantee.

A handwritten signature in black ink, appearing to read 'M Letch', with a large checkmark-like flourish extending from the bottom right.

Michael Letch April 21<sup>st</sup> 2023

Internal Control	Testing		Comments
Proper bookkeeping	• Is the cashbook maintained and up to date?	Y	The Cashbook is maintained on an Excel spreadsheet. A cashbook summary is presented to council monthly. The Finance Committee receive an analysis by budget heading with planned and actual expenditure compared. Full reconciliations are normally received monthly.
	• Is the cashbook arithmetic correct?	Y	A random sample was taken. Figures agree to reconciliation and bank statements.
	• Is the cashbook regularly balanced?	Y	Monthly.

a) standing orders and financial regulations adopted and applied; and	Has the council formally adopted standing orders and financial regulations?	Y	Financial regulations and standing orders were adopted in March 2022 but this was not minuted at the time. Finance Minute April 15a readopted standing orders, 15b readopted financial regulations. These were ratified in Full Council minute June 8
b) payments controls	Has a Responsible financial officer been appointed with specific duties?	N	The locum clerk was appointed at minute 2 part 2 of the January 2022 meeting.  The Clerk was appointed as RFO at part 2 of August Full Council meeting but did not explicitly state that the appointment was for the role of Proper Officer. Role adopted as of 1 <sup>st</sup> December and noted at the December full council minute 8.

	Have items or services above the de minimus amount been competitively purchased?	N/A	Claim for 2020/21 submitted and received in audit year. No claim made in audit year.
	Are payments in the cashbook supported by invoices, authorised and minuted?	Y	
	Has VAT on payments been identified, recorded, and reclaimed?	Y	
	Is s137 expenditure separately recorded and within statutory limits?	Y	
Risk management arrangements	Does a review of the minutes identify any unusual financial activity?	N	Risk management strategy is under active review and is appropriate to the requirements of the council.
	Do minutes record the council carrying out an annual risk assessment?	Y	
	Is insurance cover appropriate and adequate?	Y	Policy reviewed in May 2022 finance committee meeting and policy transferred to BHIB for three-year contract using the standard local council policy schedule.
	Are internal financial controls documented and regularly reviewed?	Y	Payroll, budget, and financial plans are reviewed by councillors at least quarterly.
Budgetary Controls	Has the council prepared an annual budget in support of its precept?	Y	A draft budget for the audit year was prepared by the previous clerk and agreed by finance committee for presentation and approval by full council in January.

	Is actual expenditure against the budget regularly reported to the council?	Y	Monthly reports are prepared itemising activity in current and deposit account. Individual cheques and receipts are itemised, and final sums are reconciled to bank statements.
	Are there any significant unexplained variances from budget?	N	
Income Controls	Is income properly recorded and promptly banked?	Y	All money received electronically.
	Does the precept recorded agree to the Council Tax authority's notification?	Y	PKF spreadsheet match precept demand of £160,495
	Are security controls over cash and near-cash adequate and effective?	Y	No cash is held, and minor items are reimbursed by cheque on production of receipt and requisition at regular meeting. It is noted that the council has applied for a debit card.
Petty cash procedures	Is all petty cash spent recorded and supported by VAT invoices/receipts?	N/A	No petty cash account held.
	Is petty cash expenditure reported to each council meeting?	N/A	
	Is petty cash reimbursement carried out regularly?	N/A	

Payroll Controls	Do all employees have contracts of employment with clear terms and conditions?	Y	Council uses the SLCC / NALC standard contract for both employees.
	Do salaries paid agree with those approved by the council?	Y	Payroll is presented on a spreadsheet itemising payment to staff and deductions for NIC and Tax via the HMRC online tool.
	Are other payments to employees reasonable and approved by the council?	Y	Minor payments for expenses and working from home.
	Have PAYE/NIC been properly operated by the council as an employer?	Y	The Council has joined LGPS. PAYE, NIC and minimum pension payments have been correctly made through the government website.
Assets controls	Does the council maintain a register of all material assets owned or in its care?	Y	Asset Register was reviewed in April 2022 at minute April 6f and 12. Approved by full council at minute May 13a.  Current asset register is also in schedule of insurance.
	Are the assets and Investments registers up to date?	Y	
	Do asset insurance valuations agree with those in the asset register?	Y	
Bank Reconciliation	Is there a bank reconciliation for each account?	Y	Three accounts held, current, old school and defibrillator.
	Is a bank reconciliation carried out regularly and in a timely fashion?	Y	Bank statements and transaction reports are presented to council monthly, quarterly reconciliation of transactions to bank statements is now made.

	Are there any unexplained balancing entries in any reconciliation?	N	
	Is the value of investments held summarised on the reconciliation?	Y	

Year-end procedures	Are year-end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Y	Accounts are prepared on a receipts and payments basis. Unpresented cheques are correctly accounted.
	Do accounts agree with the cashbook?	Y	Cashbook is updated and presented monthly. Due to frequent staffing changes, some months were missed, but a minimum level of information has been provided to allow councillors control of spending.
	Is there an audit trail from underlying financial records to the accounts?	Y	Receipts and paying-in slips are filed in month order. No discrepancies were noted. Patterns of payment were similar to previous years.
	Where appropriate, have debtors and creditors been properly recorded?	Y	