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Internal Audit Report for Broxted Parish Council

17th May 2023

Introduction.

The Clerk and Council are to be congratulated on presenting a complete and comprehensive set of accounts and governance documents. However, you should note that my findings are based on a random sample of items, so Members should be aware that my work cannot be relied on to identify the occasional omission nor to disclose breaches of trust or statute, neglect or fraud which may have taken place and which it is the responsibility of the Members to guard against.

Observations.

AGAR and Certificate of exemption signed off at minute 22/06 7.1. Revised code of conduct approved 23/02 7.2.

The Council's risk assessment is detailed, thorough and comprehensive. However, I note that on matters of insurance, the assessment states The Clerk, as RFO is responsible for ensuring the adequacy of insurance coverage. The RFO advises, but the decisions remain the council's responsibility.

Matters resolved from previous audit.

The council now suspends financial regulation 6.20 for each authorisation.

Charity grants. At minute 23/02 7.4 the council made a grant of £200 to the parish church. The award has correctly been made under the Open Spaces Act 1906

Purchases on behalf of the Village Hall. I note that the Parish Council as sole trustee has confirmed their eligibility to reclaim VAT on purchases made on behalf of the Village Hall.

Internal Control	Testing		Comments
Proper bookkeeping	<ul style="list-style-type: none"> • Is the cashbook maintained and up to date? • Is the cashbook arithmetic correct? • Is the cashbook regularly balanced? 	Y Y Y	Yes, Council uses VT Cashbook to maintain accounts. The package can account for VAT. Monthly with report to full council supported with bank statements.

a) standing orders and financial regulations adopted and applied; and b) payments controls	Has the council formally adopted standing orders and financial regulations? Has a Responsible financial officer been appointed with specific duties? Have items or services above the de minimus amount been competitively purchased? Are payments in the cashbook supported by invoices, authorised and minuted? Has VAT on payments been identified, recorded, and reclaimed? Is s137 expenditure separately recorded and within statutory limits?	Y Y N/A Y Y Y	Standing orders readopted unchanged 22.05 8.4. Financial regulations readopted February 22/07-7.3. Clerk is appointed on NALC SLCC standard contract which specified the duties of Proper Officer and Responsible Financial Officer. Invoices not sampled, but expenditure is reasonable for items identified. Claim for £1,882.75 submitted and received in audit year. £744 is well within the free-spend limit.
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Risk management arrangements	Does a review of the minutes identify any unusual financial activity? Do minutes record the council carrying out an annual risk assessment? Is insurance cover appropriate and adequate?	N Y Y	Revised and approved at minute 23/02-7.3. Standard Local Council policy BHIB LCO02541. Cover is reasonable for the liabilities of the council.
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	Are internal financial controls documented and regularly reviewed?	N	No statement of internal controls presented in the audit year.
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Budgetary Controls	Has the council prepared an annual budget in support of its precept?	Y	Budget and precept approved at 23/01-7.2. Precept set at £20,250.
	Is actual expenditure against the budget regularly reported to the council?	Y	At all meetings. Budget variance report noted quarterly e.g., 22/10-7.2.3
	Are there any significant unexplained variances from budget?	N	

Income Controls	Is income properly recorded and promptly banked?	Y	
	Does the precept recorded agree to the Council Tax authority's notification?	Y	Audit year budget of £20,000 agrees with DHLUC published figure.
	Are security controls over cash and near-cash adequate and effective?	N/A	Cash not held.

Petty cash procedures	Is all petty cash spent recorded and supported by VAT invoices/receipts?	N/A	No Petty Cash account.
	Is petty cash expenditure reported to each council meeting?		
	Is petty cash reimbursement carried out regularly?		

Payroll Controls	Do all employees have contracts of employment with clear terms and conditions?	Y	Adopted NALC SLCC standard terms and conditions.
	Do salaries paid agree with those approved by the council?	Y	Salary budget reviewed 22/10 8.5. Payslips match agreed sum.
	Are other payments to employees reasonable and approved by the council?	Y	Payroll signed-off at each council meeting.
	Have PAYE/NIC been properly operated by the council as an employer?	Y	Annual PAYE statement for 2022-23 noted.
Assets controls	Does the council maintain a register of all material assets owned or in its care?	Y	
	Are the assets and Investments registers up to date?	Y	Asset register reviewed at 22/05 8.5 Council adopted the PKF approved method of valuation at acquisition price with no depreciation.
	Do asset insurance valuations agree with those in the asset register?	Y	BHIB use a general valuation for property and do not identify specific items. Cover is adequate for Council assets.

Bank Reconciliation	Is there a bank reconciliation for each account?	Y	Two Accounts; business premium and community. Both reconciled using PKF proforma.
	Is a bank reconciliation carried out regularly and in a timely fashion?	Y	Monthly reports made to council
	Are there any unexplained balancing entries in any reconciliation?	N	
	Is the value of investments held summarised on the reconciliation?	N/A	

Year-end procedures	Are year-end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Y	Accounts approved at minute 22/06-7.2.5Cashbook reports validated by non-signatories. Simple cash accounting
	Do accounts agree with the cashbook?		
	Is there an audit trail from underlying financial records to the accounts?	Y	
	Where appropriate, have debtors and creditors been properly recorded?	Y	