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Internal Audit Report for Wickham Bishops Parish Council

20th May 2021

I am pleased to report to Members of the Parish Council that I have completed my internal audit of Wickham Bishops Parish Council's records for 2020 – 2021 and I have been able to complete the Internal Audit report of the Annual Return for the year ended 31 March 2021 as required under the Accounts and Audit Regulations.

Members should be aware that my work cannot be relied on 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 it is the responsibility of the Members of the Council to guard against.

The Council programme of meetings continued throughout lockdown via Teams, Zoom and YouTube. The annual assembly were not held as permitted by the CoVID regulations. The Clerk was given delegated powers to make decisions on behalf of the Council at minute 20/072. The delegated decisions were reported at council meetings and the scheme of delegation was reviewed at each meeting.

Council funds transferred to Unity Bank September 2020 at minute 20/177. Following the appointment of a new Clerk, the Council experienced the usual difficulties in persuading the bank to change signatories. A Councillor signatory downloaded statements and transferred money. These transactions were noted by the council.

Certificate of exemption, governance statement and finance statement approved at minutes 20/112 /113 and /114. Internal Audit report noted at 20/153.

Auditor appointed at 20F/004

Observations and recommendations.

Minute 21/045 refers to amendments to financial regulations, but website still shows version adopted in 2019.

There is no record of the council noting expenditure against budget, but I note that the spreadsheet keeps a running total of spend by budget code. The Council should receive budget performance at least quarterly.

There is no record of S137 expenditure.

Internal Control	Testing		Comments
Proper bookkeeping	• Is the cashbook maintained and up to date?	Y	RFO uses spreadsheet to record and analyse payments into budget headings and extract VAT for reclaim.
	• Is the cashbook arithmetic correct?	Y	
	• Is the cashbook regularly balanced?	Y	Monthly reconciliations provided to Council.

a) standing orders and financial regulations adopted and applied; and b) payments controls	Has the council formally adopted standing orders and financial regulations?	Y	Revised financial regulations adopted at minute 21/045. Standing orders approved unamended at minute 21/019. Both are based on current NALC model regulations.
	Has a Responsible financial officer been appointed with specific duties?	Y	RFO role is defined in the Clerk's contract of employment which is based on the NALC model current at the time of appointment. Appointment made at minute 20/096, probation period confirmed at minute 20/229
	Have items or services above the de minimus amount been competitively purchased?	N/A	Sampled May – June 2020.
	Are payments in the cashbook supported by invoices, authorised and minuted?	Y	Refund of £1,049.88 claimed for full year.
	Has VAT on payments been identified, recorded and reclaimed?	Y	No S137 expenditure reported in audit year.
	Is s137 expenditure separately recorded and within statutory limits?	N	

Risk management arrangements	Does a review of the minutes identify any unusual financial activity?	N	Regular reports of expenditure and reserves are received by Full Council.
	Do minutes record the council carrying out an annual risk assessment?	Y	Reviewed and updated to cover communicable diseases at minute 20/073
	Is insurance cover appropriate and adequate?	Y	Premium of £386 is reasonable for the assets of the parish and provides standard cover by Zurich.
	Are internal financial controls documented and regularly reviewed?	Y	Parish Council has a financial committee to consider precept and budget. Full Council receives monthly reports on budget, expenditure and financial management.
Budgetary Controls	Has the council prepared an annual budget in support of its precept?	Y	Updated 20/21 budget considered at minute 20F/007 agreed at minute 20/275 with a further review at minute 21/018.
	Is actual expenditure against the budget regularly reported to the council?	Y	Spreadsheet summary kept but not received by Council. Monthly reports of balances and expenditure received.
	Are there any significant unexplained variances from budget?	N	
Income Controls	Is income properly recorded and promptly banked?	Y	Council has limited sources of income, all of which are paid directly into the bank account.
	Does the precept recorded agree to the Council Tax authority's notification?	Y	2021-22 precept unchanged from previous year. £20,276 as published, claimed, and received. Based on a tax base 994.6 of and a band D equivalent of £20.39.
	Are security controls over cash and near-cash adequate and effective?	N/A	No cash held.

Petty cash procedures	Is all petty cash spent recorded and supported by VAT invoices/receipts?	N/A	No petty cash 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	Contract based on NALC model current at the time of appointment. Signed 21 st May 2020.
	Do salaries paid agree with those approved by the council?	Y	External Payroll company employed. Salary follows current NALC/SLCC pay scales.
	Are other payments to employees reasonable and approved by the council?	Y	Reimbursement for travelling phone and office reported monthly.
	Have PAYE/NIC been properly operated by the council as an employer?	Y	Payroll managed by J&M Payroll Ltd.
Assets controls	Does the council maintain a register of all material assets owned or in its care?	Y	Asset register considered at 20F/005 and updated at minute 20/073.
	Are the assets and Investments registers up to date?	Y	Reviewed annually.
	Do asset insurance valuations agree with those in the asset register?	Y	Same list.

Bank Reconciliation	Is there a bank reconciliation for each account?	Y	Two accounts held.
	Is a bank reconciliation carried out regularly and in a timely fashion?	Y	Monthly

	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	Cash accounting
	Do accounts agree with the cashbook?	Y	Accounts are the cashbook.
	Is there an audit trail from underlying financial records to the accounts?	Y	All income and expenditure fully traceable
	Where appropriate, have debtors and creditors been properly recorded?	N/A	