

HEELIS&LODGE

Local Council Services • Internal Audit

Internal Audit Report for Chigwell Parish Council – 2022/2023

The following Internal Audit was carried out on the adequacy of systems of control and should be read in conjunction with the **Interim Internal Audit report dated 30/1/2023**. The following recommendations/comments have been made:

Income: £429,578.48 Expenditure: £481,128.76 Reserves: £594,620.29

AGAR Completion:

Section One: [No – draft figures available](#)

Section Two: [No](#)

Annual Internal Audit Report 2022/2023: [Yes](#)

Certificate of Exemption: [No](#)

Financial regulations

Standing Orders and Financial Regulations

Tenders

Appropriate payment controls including acting within the legal framework with reference to council minutes

Identifying VAT payments and reclamation

Cheque books, paying in books and other relevant documents

Standing Orders in place: [Yes](#)

Reviewed: [26/1/2023 \(Ref: 8/23.a\)](#)

Financial Regulations in place: [Yes](#)

Reviewed: [26/1/2023 \(Ref: 8/23.c\)](#)

VAT reclaimed during the year: [Yes](#) Registered: [No](#)

[1/1/2023 – 31/1/2023](#) [£8,299.78](#) [Submitted: 10/5/2023](#)

[1/10/2022 – 31/12/2022](#) [£11,494.96](#) [Submitted: 3/1/2023](#)

[1/7/2022 – 30/9/2022](#) [£8,045.47](#) [Submitted: 21/10/2022](#)

[1/4/2022 – 30/6/2022](#) [£8,405.62](#) [Submitted: 4/7/2022](#)

[1/4/2021 – 31/3/2022](#) [£29,197.10](#) [Submitted: 21/6/2022](#)

[Terms of Reference are in place for committees \(Ref: 26/1/2023 – item 8/23.e\).](#)

[VAT has been reclaimed for 2021-2022 and thereafter, quarterly during 2022-2023.](#)

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Risk Assessment

Appropriate procedures in place for the activities of the council
Compliance with Data Protection regulations

Insurance was in place for the year of audit. The Risk Register was reviewed at a meeting held on 11/5/2023 (Ref: 24/23). It is noted that this meets the requirements for 2023-2024 audit.

The Council have satisfactory internal financial controls in place. The Clerk provides financial reports to council meetings. Councillors are provided with information to enable them to make informed decisions.

Bank signatories were reviewed and approved at a meeting held on 26/1/2023 (Ref: 6/23.a & b). The Council further resolved the key contact and application for a multipay card and the opening of a new Barclays accounts.

Fire Risk Assessments are in place for the Parish offices and the Victory Hall.

Transparency

Under the **Transparency code for smaller authorities**, smaller councils with income/expenditure under £25,000 should publish on their website from 1 April 2015:

Smaller Council: **No**

Website: www.chigwellparishcouncil.gov.uk

Under the requirements of the **Accounts and Audit Regulations 2015 13(2b)** council are required to display AGAR's for the five years 2017-18, 2018-19, 2019-20, 2020-21 and 2021-22 on their website.

The Council have met the publication requirements.

Budgetary controls supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: Increase of 0% (2023-2024) Date: 26/1/2023 (Ref: 6/23)

Precept: £294,557 (2022-2023) Date: N/K

Effective budgetary procedures are in place for 2023-2024. The precept was agreed in full council however the 2023-2024 precept amount has not been minuted. Budget papers are prepared to ensure councillors have sufficient information to make informed decisions and budgets are monitored during the year. Please refer to the Interim Internal Audit report regarding the 2022-2023 precept setting.

Recommendation: *To formally record the precept amount in the minutes, even if there is a 0% increase.*

Income controls

Precept and other income, including credit control mechanisms

All were found to be in order. Income controls were checked and income received and banked cross referenced with the Cash Book and bank statements.

Payroll controls

PAYE and NIC in place where necessary.
Compliance with Inland Revenue procedures
Records relating to contracts of employment

PAYE System in place: **Yes**
Employer's Reference: **120/C25177**
P60s issued: **Yes**

The Council continue to operate RTI in accordance with HMRC regulations. Charges and credits to the Council account are detailed in the annual statement for 2022-2023 with no outstanding amounts at 31/3/2023.

Supporting paperwork is in place and P60s have been produced as part of the year end process. Eligible employees have joined the nominated pension scheme. An examination was undertaken on a selection of payroll transactions and all was found to be in order.

Asset control

Inspection of asset register and checks on existence of assets
Cross checking on insurance cover

A separate asset register is in place. Values are recorded at cost value/insurance value. The total value of assets are recorded at £2,948,595.29. The figure in the asset register corresponds with the figure in Section 2, Box 9 of the AGAR.

Bank Reconciliation

Regularly completed and cash books reconcile with bank statements

All were in order. Bank Reconciliations have been carried out monthly during the year of audit. The bank statements reconciled with the end of year accounts and bank reconciliations for all accounts.

Bank Balances at 31 March were confirmed as:

HSBC	xxxx4574	£18,178.89
Barclays	xxxx5709	£470.00 *
Cambridge	xxxx6749	£86,164.77
Barclays	xxxx1941	£457,576.47
Unity Trust	xxxx1075	£77,862.35

**It is noted that there is an ongoing investigation into a cheque deposit made into the account that did not reach the account. The figure stated above therefore cannot be cross referenced with a bank statement.*

Reserves

General Reserves are reasonable for the activities of the Council
Earmarked Reserves are identified

The Council have adequate general reserves (£294,621) and have identified the following earmarked reserves moving forward to the 2023-2024 financial year:

<i>EMR – Main Office Refurbishment</i>	<i>£50,000</i>
<i>EMR – Cemetery Premises Refurbishment</i>	<i>£50,000</i>
<i>EMR – Village Hall Premises Refurbishment</i>	<i>£50,000</i>
<i>EMR – Tree Works</i>	<i>£50,000</i>
<i>EMR – Grove Lane Meadow Project</i>	<i>£50,000</i>
<i>EMR – Risk Management</i>	<i>£50,000</i>

Total EMR £300,000

Earmarked Reserves for 2023-2024 were resolved at a meeting held on 26/1/2023 (Ref: 6/23.j).

Year-end procedures

Appropriate accounting procedures are used and can be followed through from working papers to final documents
Verifying sample payments and income
Checking creditors and debtors where appropriate.

End of year accounts are prepared on an Income & Expenditure basis. Creditors and Debtors are identified within the year end accounts.

PWLB – amount outstanding at 31/3/2023: £78,657.75

Internal Audit Procedures

The 2022-2023 Interim Internal Audit report was considered by the Council at a meeting held on 11/5/2023 (Ref: 22/23).

External Audit

The External Auditor's report was considered at a meeting held on 10/1/2023 (Ref: 7/23.k).

The following matters were brought to the attention of the Council:

The AGAR has not been approved in accordance with the Accounts and Audit Regulations 2015:

- Section 2 was not dated by the Responsible Finance Officer; hence it is not possible to verify that this was done before approval

The AGAR does not contain the minute references by the smaller authority for Sections 1 and 2, so it is not possible to determine whether Section 1 was approved prior to Section 2 in accordance with the Accounts and Audit Regulations 2015.

Section 1, Assertion 5 has been incorrectly completed. Whilst a detailed risk register was discussed at the Finance and Governance Committee in November

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2021, the completed risk assessment has not been formally approved by Full Council during the year.

Other Matters:

In the completion of the Annual Internal Audit Report, and their detailed report, the internal auditor has drawn attention to weaknesses in relation to accounting records, budgetary procedures, and the regularity of bank reconciliations. The smaller authority must ensure that action is taken to address these areas of weakness in a timely manner. This is consistent with the 'No' response to Section 1, Box 1.

The smaller authority should ensure that it has regards to the level of reserves held when considering future precept requests.

PKF 18/10/2022

It is noted that the Council have taken positive action to address the weaknesses identified by the 2021-2022 Internal Auditor and an action points have been agreed (Ref: 10/1/2023 – item 7/23.g).

Additional Comments/Recommendations

- There are no additional comments/recommendations to make in relation to this audit.
- I would like to record my appreciation to the RFO for their assistance during the course of the audit work and the quality of documentation presented for the audit.



Heather Heelis
Heelis & Lodge
8 June 2023

HEELIS&LODGE

Local Council Services • Internal Audit

www.heelisandlodge.co.uk

INVOICE

To:

Chigwell Parish Council
Hainault Road
Chigwell
Essex
IG7 6QZ

Invoice No: HL9363

Date: 8 June 2023

Details	Quantity	Amount (£)	Total (£)
To carry out Year End Internal Audit for Chigwell Parish Council for the year ended 31 March 2023 (£300,001 - £400,000 banding)	1	255.00	255.00
Total			255.00

Please make cheques payable to: Heelis & Lodge

Bank Details: Account 02539349 Sort Code 72-00-00

Terms – 14 days

Thank you.

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