

HEELIS & LODGE

Local Council Services • Internal Audit

Interim Internal Audit Report for Chigwell Parish Council – 2022/2023

The following Internal Audit was carried out on the adequacy of systems of control. The following recommendations/comments have been made:

Proper book-keeping Cash Book, regular reconciliation of books and bank statements. Supporting vouchers, invoices and receipts

The Council hold the General Power of Competence and LGAs137 does not apply.

The cashbook is referenced providing a clear audit trail. Supporting paperwork is in place and referenced.

The Council use online banking with Barclays and have recently moved to online banking with Unity Trust.

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: 17/5/2022 (Ref: 22.015)

Financial Regulations in place: Yes

Reviewed: 17/11/2022 (Ref: 7/22) and 17/5/2022 (Ref: 22.015)

VAT reclaimed during the year: Yes Registered: No

General Power of Competence: Yes (Ref: 17/5/2022 – item 22.016)

There were no tenders during the year that exceeded the £25,000 Public Contract Regulations threshold.

The Council reviewed the following policies at a meeting held on 13/10/2022 (Ref: 59):

- Email Policy
- Complaints Procedure

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The Council adopted the following policies at a meeting held on 28/7/2022 (Ref: 15):

- Information and Data Protection Policy
- Retention Policy
- Co-option Policy
- Expenses Policy
- Environment Policy

The Council adopted the Code of Conduct at a meeting held on 29/6/2022 (Ref: 22.010).

Terms of Reference are in place for committees.

Risk Assessment

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

Risk Assessment document in place: Yes
Data Protection registration: Yes (Ref: Z2893347)

Data Protection

The General Data Protection Regulations have changed and the new Regulations came into force on 25 May 2018. It is likely that this will affect the way in which the Council handles its data. Due to the financial risk associated with the General Data Protection Regulations, the Council have included this in their Risk Assessment.

Privacy Policy published: A link to the online document is required for the year end Internal Audit.

Insurance was in place for the year of audit. Internal Controls were reviewed on 17/5/2022 (Ref: 22.007).

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

The bank mandate was reviewed at a meeting held on 17/5/2022 (Ref: 22.022).

Fidelity Cover: £1,000,000

The level of Fidelity cover is within the recommended guidelines of year end balances plus 50% of the precept.

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

The Council is not subject to the requirements of the Transparency Code for smaller Councils. The Transparency Code for Councils with a turnover exceeding £200,000 is not covered as part of the Internal Audit.

Under **The Accounts & Audit Regulations 2015 15** councils must publish on their website:

External audit report

2022 Annual Return, Section One Published – Yes

2022 Annual Return, Section Two Published – Yes

2022 Annual Return, Section Three Published –No

Recommendation: The link to the signed AGAR Section 3, the External Auditor’s report could not be found on the website. This should be available for the year end audit to verify the 2022 publication requirements have been met.

Under **The Accounts & Audit Regulations** councils must publish on their website:

Notice of period for the exercise of public rights

Published – Yes

Period of Exercise of Public Rights

Start Date [30/6/2022](#)

End Date [10/8/2022](#)

Budgetary controls
supporting documents

Verifying the budgetary process with reference to council minutes and

Precept: £294,000 (2022-2023)

Date: N/K

There is no record or evidence of the 2022-2023 precept being set by the full Council. The Council resolved at the meeting held on 12/1/2022 (Ref: 21.91) that ‘ the 2022/2023 had not been prepared and would not be tabled at the meeting, thus members could not consider it or consider a level of precept.’ There are no other minutes on file that confirms the precept setting for 2022-2023.

The examination of the 2023-2024 precept setting will be carried out at the year end audit when the relevant minutes are available.

Recommendation: It is a requirement to minute the setting of the precept with the resolution and amount.

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Income controls	<p>Precept and other income, including credit control mechanisms</p> <p>Income controls were checked and income received and banked cross referenced with the Cash Book and bank statements.</p> <p>(Please refer to Petty Cash below). A further examination will take place at the year end.</p>
Petty Cash	<p>Associated books and established system in place</p> <p>A satisfactory petty cash system is in place with supporting paperwork. A sample of receipts were examined from April 2022 to November 2022. Petty Cash limit £250 (Fin Regs: 6.21a).</p> <p>It is noted that the Council are currently separating the income from rents and deposits from the petty cash in accordance with Fin Reg No. 9.5.</p>
Payroll controls	<p>PAYE and NIC in place where necessary. Compliance with Inland Revenue procedures Records relating to contracts of employment</p> <p>PAYE System in place: Yes</p> <p>The Council continue to operate RTI in accordance with HMRC regulations. Payroll is outsourced. Supporting paperwork is in place to September 2022. The Council have joined the Essex Local Government Pension scheme.</p> <p>Councillors are paid an allowance. Clarification is need as to whether these are processed through PAYE.</p>
Asset control	<p>Inspection of asset register and checks on existence of assets Cross checking on insurance cover</p> <p>To be examined at the year end.</p>
Bank Reconciliation	<p>Regularly completed and cash books reconcile with bank statements</p> <p>Bank Reconciliations have been carried out up to 31/12/2022.</p> <p>It is noted that the Barclays account (xxxx5709) was closed 19/1/2022 and the funds transferred to the new Unity Trust account. The transferred amount could not be verified with Unity Trust Bank at this visit.</p> <p>A further examination will be carried out at the year end.</p>
Reserves	<p>General Reserves are reasonable for the activities of the Council Earmarked Reserves are identified</p> <p>To be carried out at the year end.</p>

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.

To be carried out at the year end.

Sole Trustee The Council has met its responsibilities as a trustee

The Council is not a sole trustee.

Internal Audit Procedures

The 2022 Internal Audit report was considered by the Council at a meeting held on 29/6/2022 (Ref: 22.006).

There were a number of recommendations made by the Internal Auditor for the 2021-2022 financial year. The Council have made good progress in addressing the matters raised. An examination of any outstanding matters will take place at the year end audit.

Heelis & Lodge were appointed as Internal Auditor at a meeting held on 25/8/2022 (Ref: 48a).

External Audit

The Council formally approved the 2022 AGAR at a meeting of the full Council held on 29/6/2022 (Ref: 22.006).

The External Auditor's report was considered at a meeting held on 13/10/2022 (Ref: 61).

The matters raised by the External Auditor will be examined at the year end audit.

Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 17/5/2022. The first item of business was the Election of Chairman, in accordance with Standing Orders.
- The following minutes are in need of signing: 17/11/2022, 13/10/2022, 25/8/202, 11/7/2022.
Recommendation: That minutes are signed and dated at the following meeting of the relevant committee or in the case of the full Council minutes, at the next full Council meeting.
Recommendation: For clarity, a 'clean' copy of the minutes should be used for signing. Once signed the minutes are no longer 'draft' and the watermark should be removed.
- It is noted that continuous numbering of minutes is carried out by minute item as opposed to page numbering.
- There are no additional comments/recommendations to make in relation to this audit.
- I would like to record my appreciation to the Clerk to the Council for their assistance during the course of the audit work



Heather Heelis
Heelis & Lodge
30 January 2023

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Local Council Services • Internal Audit

www.heelisandlodge.co.uk

INVOICE

To:

Invoice No: HL9295

Date: 30 January 2023

Chigwell Parish Council
Hainault Road
Chigwell
Essex
IG7 6QZ

Details	Quantity	Amount (£)	Total (£)
To carry out Interim 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

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