

**TOLLESHUNT D'ARCY  
PARISH COUNCIL**

**INTERNAL AUDIT  
REPORT  
2023 / 2024**

**M Howard (F.C.P.F.A.)  
Internal Auditor  
May 2024**

**CONFIDENTIAL**

## **Introduction**

I have now examined the records for 2023/2024 using, as the basis of my review, the internal control objectives required by the external auditor as part of the Annual Return. I would like to take this opportunity to express my appreciation to Mrs. Michelle Curtis for her assistance and for the straight forward and helpful way with which she presented the Council's procedures and records.

## **Findings**

**A summary of the Annual Return control objectives, together with my findings and recommendations are listed below:**

### **A. Control Objective**

**Appropriate books of account have been properly kept throughout the year.**

#### **Finding**

During the year a computerized accounting system, called "Alpha" was operated and together with payroll software has been used to record the Council's financial transactions for 2023/24. During my audit I was able to check that the transactions were consistent with those recorded by the bank, in the year end accounts and the Annual Return.

At the year end these systems provided the information required in the annual accounts prepared by the Clerk for the latest Annual Return.

### **B. Control Objective**

**The council's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT appropriately accounted for.**

#### **Finding**

The Council's Standing Orders and the Financial Regulations were reviewed in May 2024. I understand that there was not time to compare the Financial Regulations with the new Model published by the NALC in April 2024, but that will be done during 2024/25.

During 2023/24 payments were supported by invoices, expenditure was approved, authority for payments were all recorded and VAT appropriately accounted for. At the 31<sup>st</sup> March 2024 all VAT paid had been reclaimed or accounted for.

### C. Control Objective

**The council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.**

#### Finding

The risk assessment was reviewed and approved by the Council on the 30<sup>th</sup> April 2024.

In March 2024, a new "Practitioners Guide" regarding Governance and Accountability for Local Councils was published with changes to the external audit requirements, including those relating to Risk Assessment.

The Risk Assessment and Management document approved by the Council in April 2024 follows the approach recommended in the Practitioners Guide.

With regard the inspection of play equipment there was no mention in the risk assessment of pay equipment inspection other than annually. In the past I have been given to understand that the insurance providers requires recorded weekly inspections.

### D. Control Objective

**The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored and reserves were appropriate.**

#### Finding

**The annual precept requirement did result from an adequate budgetary process. Progress against the budget and reserves was regularly monitored during 2023/24.**

I did note that the 2023/24 budget included £4,500 for speed reduction which was not expended. At the year-end this was transferred to a "Speed Reduction" Earmarked Reserve but that it is now unlikely to be used for that purpose.

### E. Control Objective

**Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.**

#### Finding

The receipts received during 2023/24 other than the £21,514 precept were:

- £6,600 Rent of Pavilion
- £927 Burial Ground fees.
- £220 Pitch Fees
- £567 Interest Received
- £1,518 VAT recovered

In addition, £685.77 VAT was received in the period ended 31<sup>st</sup> March 2023 and £832.43 for the period ended 30<sup>th</sup> September 2023. A further £1575.76 was outstanding as at the 31<sup>st</sup> March 2024 for the period 1<sup>st</sup> October 2023 to 31<sup>st</sup> March 2024.

## **F. Control Objective**

**Petty Cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.**

### **Finding**

There is no petty cash.

## **G. Control Objective**

**Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.**

### **Finding**

I have been provided with the new contract of employment for the Clerk following her November 2023 upgrade. During 2023/24 she has been paid consistent with the current contract and her previous contracts of employment.

In addition, the Clerk was paid £187.00 for burial ground duties.

At the end of 2023, NALC has published a new model contract of employment, which include some significant changes, that are not reflected in the current contract of employment.

I was able to verify that all PAYE and NI requirements were met during 2023/24 but identified a few minor issues.

The PAYE year end returns have been submitted to HMRC by the Clerk.

I am aware that there is no pension provided for the Clerk. With annual pay increases to the Clerk's remuneration is getting closer to the £10,000 threshold **requiring automatic enrolment.**

## H. Control Objective

**Asset and Investment registers were complete and accurate and properly maintained.**

### Finding

I have examined the Register of Assets provided for audit examination which includes insurance valuations which can be reconciled with the insurance policy.

The Value of Assets on the Annual Return at the 31<sup>st</sup> March 2024 is £223,734 which is consistent with the 2024 asset register.

## I. Control Objective

**Periodic and year end bank account reconciliations were properly carried out.**

### Finding

Bank reconciliations were carried out throughout the year and the reconciliation as at the 31<sup>st</sup> March 2024 was formally recorded and verified during the audit.

## J. Control Objective

**Accounting statements prepared during the year were prepared on the correct accounting basis, agree with the cash book, and were supported by an adequate audit trail from underlying records.**

### Finding

The Accounting statements prepared during the year were prepared on a receipts and payments basis, they agree with the cash book, and are supported by an adequate audit trail from underlying records.

## K. Control Objective

**If the authority certified itself as exempt from a limited assurance review in 2021/22, it met the criteria and correctly declared itself exempt.**

### Finding

In 2022/23, the Council did not exempt itself from a limited assurance review.

**L. Control Objective**

**The authority publishes information on a website/webpage, up to date at the time of the internal audit, in accordance with the transparency code for smaller authorities.**

**Finding**

The Information can be found on tolleshuntarcy.org.

**M. Control Objective**

**The authority during the previous year (2022-23) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations**

**Finding**

I have a copy of the 2022/23 Notice of "Public Rights..." and viewed it on the current website.

**N. Control Objective**

**The authority has complied with the publication requirements for 2022/23 AGAR.**

**Finding**

I can confirm these requirements are being complied with on the current website.

I would draw the Council's attention to the publication requirements for the 2023/24 AGAR, particularly those which must be complied with by the 1<sup>st</sup> July 2024.

**O. Control Objective**

**Trust funds (including charitable). The council has met its responsibilities as a trustee.**

**Finding**

Not Applicable.

**Recommendations**

With reference to the above findings, I recommend that the Council speedily progress the following-

- Review the Council's Financial Regulations using the NALC's new model as a basis.

- Review its Reserves
- Review the arrangements for the inspection of play equipment to ensure that they comply with insurance requirements.
- During 2024/25 review the Clerk's Contract of Employment using the NALC's new model as a basis.
- As part of the Clerk's employment review consider the need to make arrangements for a pension,

### **Opinion**

After extensive checking of the Council's records and accounts, I have found the systems to be sound. During the year 2023/24 the procedures and processes required by the external auditor have been improved by the Clerk and operated effectively.

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**M. G. Howard F.C.P.F.A**

**31<sup>st</sup> May 2024**