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Internal Audit Report for Castle Hedingham Parish Council

I am pleased to report that I have completed my Internal Audit for the Parish Council for the period 1st April 2024 to 31st March 2025. The Audit was carried out on 4th June 2025.

Members should be aware that my work cannot be relied upon 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 are the responsibility of the Members of the Council to guard against.

Members will be pleased to know that I did not find anything major in my audit to report and that I found the record keeping to be of a very high standard.

I would like to record my appreciation to the Clerk of the Council, Claire Waters for her assistance during the Internal Audit.

Ann C Wood

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7th June 2025

Items Raised by the 2023/2024 Audit

1. No VAT claim was made during the financial year but one is due to be made in May 2024
The VAT claim was made
2. The Council did not consider a Financial/Reputational Risk Assessment during the year under review
This was noted

Items Raised by the 2024/2025 Audit

No matters to raise

GENERAL			
Electorate	N/K		
General Power of Competence	Does the Council have the General Power of Competence? And when was it adopted?	Yes	The Council does not operate under the LGA s137 as it has adopted the General Power of Competence on 15 th May 2023, following the ordinary elections
LCAS	Has the Council attained any of the LCAS levels?	No	
Civility & Respect	Is the Council a Civility and Respect Pledge Council?	Yes	The Pledge was signed by the Council in November 2022
ICO Registration	Data Protection Registration Number – ZB030471		Registered 29 th March 2021. Expires 28 th March 2026
VAT Registration	Is the Council registered for VAT?	No	Two claims made in May 2024 and March 2025 and the refunds received
Transparency Code	Is the Council a smaller authority?	No	
Committees	Does the Council have committees and if so, are there terms of reference?	No	
Sole Trustee	Is the Council a sole trustee of any charity?	No	The Council is the Custodian Trustee of the Castle Hedingham Village Hall – Charity number 1185525

Accounting Basis	Receipts and Payments		
Bank Accounts	Unity Trust Bank – Current Account - 20329855 Unity Trust Bank – Deposit Account - 20329868 Cambridge & Counties 95 Day Account		£3954.99 £12297.70 £37626.53
Petty Cash	Not Applicable		Expenses reimbursed to the Clerk each month

Income			Precept - £34047.00 This agrees to the figure published DLUHC Other Income - £18801.06 This includes bank interest, VAT refund, Street Cleaning Grant, Grass Cutting Grant, Cemetery income, Wayleave and donations
Reserves	Are the general reserves reasonable for the activities of the Council? Are earmarked reserves identified?		The General Reserves at £27314.09 are within the PKF Littlejohn recommended levels of 50%-100% of precept. The Council does have a Reserves Policy agreed in February 2025 There is £26565.13 in earmarked reserves over 4 headings

Internal Control	Testing		Comments
Proper bookkeeping	• Is the cashbook maintained and up to date? • Is the cashbook arithmetic correct? • Is the cashbook regularly balanced?	Yes Yes Yes	The Council uses an Excel spreadsheet to manage the accounts and the cashbook is kept up to date The bank balances are noted at each meeting and there is a quarterly financial report which has a comparison of spending to budget

Standing Orders and Financial Regulations	Has the Council formally adopted standing orders and financial regulations?	Yes	The Standing Orders were reviewed and adopted at item 5.1 on 13th May 2024 The Financial Regulations were reviewed and adopted at item 5.2 on the same date
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Biodiversity Policy	Has the Council adopted a Biodiversity Policy?	Yes	Adopted in October 2023
Other Policies	Has the Council formally adopted other policies?	Yes	A list of policies is available on the website

Payments Controls	Have items or services above the de minimus amount been competitively purchased?	N/A	Two sample expenditures from April 2024 and October 2024 were checked and found to be correct against the minutes and the bank statements Two claims were made and the refunds received
	Are payments in the cashbook supported by invoices, authorised and minuted?	Yes	
	Has VAT on payments been identified, recorded and reclaimed?	Yes	
	Is s137 expenditure separately recorded and within statutory limits?	N/A	
	Tenders exceeding the £30,000 threshold have been advertised on the Contract Finders website	N/A	

Risk management arrangements	Does a review of the minutes identify any unusual financial activity?	No	The minutes of the Council meetings for the year 2024/2025 were read and no unusual financial activity was noted
	Do the minutes record the council carrying out an annual risk assessment?	Yes	A financial/reputational risk assessment was carried out during the year and minuted at item 11.4 on 13 th May 2024
	Is insurance cover appropriate and adequate?	Yes	The Council is insured with NFU Mutual 080X5155275/N06 for the Memorial Hall, Social Club, public toilets and war memorial and with Hiscox Insurance through Gallagher Insurance Brokers for general insurance policy number 8188555. The latter is part of a three-year agreement

	Are internal financial controls documented and regularly reviewed? Has the council adopted a Code of Conduct? Has the Council adopted a Data Protection Policy, a Privacy Notice and Publication Scheme? Was the Annual Parish Council Meeting held within the prescribed timeframe? Was the Annual Parish Meeting held within the prescribed timeframe?	Yes Yes Yes Yes Yes	The insurance cover for both Employers Liability and Public Liability insurance are £10 million Fidelity Cover = recommended guidelines of year end balances + 50% of the precept The Council has agreed an Internal Financial Control document which is part of the Risk Assessment and a Regular Payments List The Council adopted the LGA/Braintree District Council Code of Conduct on 10th June 2024 at item 4.1 The Parish Council must meet annually. In an election year, this must be on the day when the councillors take office or within 14 days, or on any day in May in any other year. The meeting was held on 13th May 2024 and the first item 1 was the election of the Chairman A Parish Meeting must be held annually between 1st March and 1st June (both inclusive). The Annual Assembly took place on 20th May 2024
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Budgetary Controls	Has the council prepared an annual budget in support of its precept?	Yes	A budget was agreed at item 9.2 in January 2024 and a copy of the budget papers has been seen The Precept was agreed on the same date at item 9.3
	Is actual expenditure against the budget regularly reported to the council?	Yes	The receipts and payments are presented to the Council and minuted monthly and a comparison of expenditure to budget is produced quarterly

	Are there any significant unexplained variances from budget?	No	Any variances in budget are explained in the Annual Accounts
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Income Controls	Is income properly recorded and promptly banked?	Yes	The income is recorded on the Excel spreadsheet. Most income received is by BACS or bank transfer but the small number of payments that aren't, are promptly banked
	Does the precept recorded agree to the Council Tax authority's notification?	Yes	The recorded Precept agrees to the Council Tax Authority's notification
	Are security controls over cash and near-cash adequate and effective?	Yes	
	Does the Council Review its fees on a regular basis?	Yes	The fees were reviewed on 9 th September 2024

Petty cash procedures	The Council does not operate a petty cash system	N/A	The payments to the Clerk for reimbursement of purchases during the year under review
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Payroll Controls	Has a Responsible Financial Officer been appointed with specific duties?	Yes	The Clerk is not the only employee. There are two other members of staff (Village Maintenance Operative) who have contracts. A further contractor is also used
	Do all employees have contracts of employment with clear terms and conditions?	N/A	There was a review of the salaries on 11 th November 2024 at item 10.2 where salaries for 2024-25 were agreed
	Do salaries paid agree with those approved by the Council?	Yes	The Council pays the NJC Pay Scales
	Are other payments to employees reasonable and approved by the Council?	Yes	The Clerk receives a home office allowance and mileage
	Has PAYE/NIC been properly operated by the Council as	Yes	The Council uses PM Smith for the payroll

	an employer including the issue of P60s? Does the Council pay the Parish Basic Allowance? Employer's Reference – 245/YZ71452	No	calculation and payroll slips were made available as part of the documentation. Information is submitted to HMRC by RTI and regular payments are shown as being made to HMRC
Asset Controls	Does the council maintain a register of all material assets owned or in its care? Are the assets and Investments registers up to date?	Yes Yes	The Asset Register was agreed at item 11.2 on 13th May 2024. The asset value listed in the Asset Register is the same as that recorded on the AGAR The values used should not be those of the insurance. It should be noted that there should be no variation in Box 9 of the AGAR, unless assets have been bought or disposed of

Bank Reconciliation	Is there a bank reconciliation for each account? Is a bank reconciliation carried out regularly and in a timely fashion? Are there any unexplained balancing entries in any reconciliation?	Yes Yes No	
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Year-end procedures	Are year-end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)? Do the accounts agree with the cashbook?	Yes Yes	Accounts are prepared on a Receipts and Payments basis, as the Council is below the £200,000.00 threshold
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	Is there an audit trail from underlying financial records to the accounts?	Yes	Two sample expenditures from April 2024 and October 2024 were checked and found to be correct
	Where appropriate, have debtors and creditors been properly recorded?	N/A	
	Were the Annual Accounts, the Annual Governance Statement and Annual Accounts and Accounting Statement signed by the Council?	Yes	The AGAR for the Year End 31 st March 2025 was completed and signed, as it has been presented to the Council
	Is there a Certificate of Exemption?	N/A	
	Has the Council published five years of the Annual Return (AGAR) on its website under The Accounts & Audit Regulations 2015?	Yes	
	Has the Council published the Notice of the period for the exercise of public rights under The Accounts & Audit Regulations 2015 on its website?	Yes	

Auditor's Reports	Was the Internal Auditor's Report reported to the Council?	Yes	The Internal Auditor's Report was reported to the Council at item 11.3 on 13 th May 2024
	Was the External Auditor's Report reported to the Council?	Yes	The External Auditor's Report for 2023-2024 was reported to the Council at item 9.2 on 12 th August 2024

Loans	Were any loans made to volunteer bodies during the year?	No	
	Are there any PWLB Loans outstanding?	No	

Co-option	The co-option of members should appear on an agenda as a separate item for the Council to action	Yes	The Council has co-options as agenda items and they are minuted as such
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Grants	Does the Council make any grants to the church?	No	
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