

Jane Bromley
Clerk to Plaistow and Ifold Parish Council

22 April 2024

Dear Jane

Plaistow and Ifold Parish Council

Interim Audit 2023-24

The internal audit for the 23-24 financial year is now complete. I am pleased to be able to report that I have signed off the internal audit section of the Annual Governance and Accountability Return (AGAR) for with no comments.

As stated in the engagement letter, the scope of our work is limited to completing the audit testing and enquiries we deem necessary to complete Section 4 of the Annual Report for Local Councils in England. We do not provide assurance over or accept responsibility for areas of work not included in this scope, unless specifically agreed with the Council during the financial year.

In providing internal audit services we are not conducting a financial statement audit in accordance with standards and guidelines issued by the Audit Practices Board and our procedures are not designed to provide assurance over the reliability and quality of your financial statements and management information – that is the job of external audit.

We are required by the Annual Internal Audit Report included in the Annual Governance and Accountability Return (AGAR) to review controls in place at the Council against predefined control assertions. These control assertions are set out below, together with the results of my internal audit work for 23-24. Recommendations are set out at Appendix A. I set out a schedule of tests not completed at this audit at Appendix B, these tests are not relevant to this Council.

The audit was carried out in two stages. The interim audit was carried out remotely on 4 December, this concentrated on in year financial transactions and governance controls. The final audit was carried out remotely on 22 April and concentrated on the statement of accounts and balance sheet.

☎ 07958 990310

✉ mike@aprilskies.co.uk

Company Registration Number 14174016
6 Uplands Road. Farnham GU9 8BP

A - Appropriate books of account have been kept throughout the year

Interim Audit

The Council uses the RBS Rialtas Alpha accounting system to record day-to-day transactions. The system is used monthly to report and record the financial transactions of the Council and a review of the cashbook shows that all data fields are being entered, the hard copy reports are easy to read and logically filed. Key reconciliations are completed monthly. The Clerk is the sole user of the RBS system.

I was able to agree the opening balances in the cashbook back to the audited accounts for 22-23. Box 7 in last year's audited accounts was £62,881. This has been agreed to the opening trial balance, less accruals. I am satisfied that the opening balance on the accounting system is accurate.

The Council's most recent VAT return was completed for the period July to September 2023. VAT reclaimed has been agreed to a schedule of transactions on the VAT report, produced by the accounting system. This was submitted to HMRC on 3 October 2023. The claim has been refunded by HMRC, I have checked it into the bank account. I am satisfied that the Council is up to date with VAT.

Final Audit

The accounting statements have been agreed back to year end reports produced from the accounting system. All comparatives reported in the financial statements have been agreed back to the audited 22-23 accounts, as published on the Council website.

I confirmed that the VAT return for period January to March 24 has been completed and submitted to HMRC. This has a submitted date stamp of 9 April. VAT of £2503 was reclaimed. VAT reclaimed has been agreed to a schedule of transactions on the RBS VAT report for quarter 4 23-24. This also agrees to VAT outstanding on the balance sheet at 31.3.24

My interim report was considered at the December Council meeting (minute c/23/187). Minutes show proper consideration of recommendations raised.

B - The Council's financial regulations have been met, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for

Interim Audit

Standing Orders and Financial Regulations are reviewed every May at the Annual Council meeting. I confirmed the 2023 review took place (minute c23/084.) NALC templates are followed for both documents. The Council is aware that a redraft of the model financial regulations is being worked on by NALC. This will need to be taken into consideration when the Council next reviews its own regulations.

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The Council follows the following process to make payments to suppliers. Invoices are received from suppliers in course of each month. A receipts and payments order is then prepared for each monthly council meeting, listing all receipts and payments to be approved at the meeting. This document is published with the agenda. The receipts and payments order is noted within minutes of the Full Council meeting, and authorisation to pay invoices is recorded via electronic signature from the Clerk, Chairman and Chair of Finance Committee, and 2 other councillors. Once this approval has been obtained, the Clerk makes payment by bank transfer on the Council bank account. I make no recommendation for change.

I sampled a number of transactions, selected from the Council's cashbook for the first 8 months of 23-24. For all transactions tested, I was able to confirm that

- Payments could be agreed to invoices
- VAT correctly accounted for
- Payment included in a monthly payment list, signed off electronically by the clerk and 3 councillors
- Payment reported retrospectively to a Council meeting and this payment minuted.

Final Audit

Non pay expenditure per box 6 to the accounts amounted to £ 58,453, up from £56,600 in 22-23.

I tested 3 further payments amounting to £17K and repeated the tests set out at the interim audit. For all payments tested I was able to confirm that:

- Payments could be agreed to invoices
- VAT correctly accounted for
- Payment included in a monthly payment list, signed off electronically by the clerk and 3 councillors
- Payment reported retrospectively to a Council meeting and this payment minuted.

C - The Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

Interim Audit

The Council is insured with Hiscox, arranged by Gallaghers, on a standard local council package. The policy was in date at time of audit, with an start date of 12 May 2023, valid until the policy is cancelled. The Cricket Pavilion is insured, assets insured are listed below:

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April Skies

Accounting

Premises address	Sum insured
Cricket Pavilion, The Green Plaistow, Billingshurst, RH14 0PX	£61,049

Item description	Excess	Amount Insured
Total Buildings	£250	£61,049
Gates and fences	£250	£7,915
Fixed outside equipment	£250	£907
Street furniture	£250	£81,697
War memorials	£250	£0
Playground equipment	£250	£59,365
Sports surfaces	£250	£0
Other surfaces	£250	£33,680
Rent receivable	£250	

Money cover is sufficient at £250K.

The Council risk register is scheduled to be considered at the Council meeting in December 2023. I will therefore review this at my year end audit.

All computer data is Office 365 based and held in the Cloud, computer information is properly backed up. Data also backed up to hard drive. The RBS Alpha back up file is created whenever the system is used, back up is saved to one drive.

I discussed the area of cyber risk with the Clerk, and note that the Clerk has reviewed cyber insurance options with the insurance broker. It is recommended that the Council completes a cyber risk assessment, and that a decision on cyber insurance is considered as part of this process.

Final Audit

The Council's risk assessment was considered at the December meeting of Full Council (minute C/23/184) I have reviewed the risk assessment and it appears sufficient for a council of this size. I note that the Council has taken up a cyber insurance policy following on from points raised at my last meeting, and that plans are in place to set up a cyber policy and risk assessment.

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

Interim Audit

The process for setting the budget and precept for 24-25 is underway. The first draft budget will be prepared at a meeting with the Chair of Finance Committee in early December 2023. This will involve a line by line review of the budget. A meeting of Finance working group will review the draft budget, with budget and precept due to be approved at Full Council meeting on 9 January 2023, before the CDC deadline.

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The Finance Committee conducts quarterly budget reviews. These are published on the website and in minutes. I checked the Quarter 2 review. This was conducted on 11th October 2023, F/23-24/014 pg. 2 All documents are published on the website. The projected deficit at the end of Quarter 2 was £17K, against a budgeted deficit of £15K. I am satisfied that the Council is meeting financial regulations in this area.

Final Audit

Reserves at 31 March 2024 were £71,991 (22-23 £62,881).

Earmarked reserves at 31.3.24 were as follows:

Election Reserve	250
Community Reserve Fund	5,000
Village Maintenance Reserve	7,000
Traffic Control & Safer Bus St	3,000
New Homes Bonus 20 - 23	0
CIL 21/22	0
Playparks	20,000
Queen's Platinum Jubilee-DEC	0
Winterton Hall Repairs & Mnt	1,000
Crouchlands Dev Planning Consu	10,950
Foxbridge Dev Planning Consult	5,000
Development Planning General C	3,615

General reserves at year end were £16,176. This represents 13% of precept, which is below the recommended level set out in the NALC Practitioners' Guide (25-100% of net revenue expenditure). This level of general reserve is not sufficient. The Council must continue to review reserve balances in the course of 24-25 and put plans in place to increase the general reserve. Options include:

- Increasing precept
- Reviewing current reserve balances and reallocating to general reserve
- Reviewing projects and other costs in the budget.

The budget and precept for 24-25 were reviewed and approved at the Full Council meeting on 9 January 2024 (minutes C/24.014)) A precept of £120,000 was set.

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

Final Audit

Precept per box 2 to the accounts was £118,000 (22-23 £96,000). This has been agreed to third party documentation provided by external audit.

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Income per box 3 to the accounts was £10,470 (22-23 £1,722).

I agreed a receipt of £8,755 to a remittance advice note from Groundwork UK

F - Petty cash payments were properly supported by receipts; all petty cash expenditure was approved and VAT appropriately accounted for.

Satisfactory. My testing confirmed that the Council does not use petty cash.

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

Interim and Final Audits

Staff costs per box 4 to the accounts were £50,507 (22-23 £44,720).

I tested the Clerk's salary for September 2023. I agreed payment from cashbook to the monthly payroll summary report from WSCC. I then agreed Clerk's pay to payslip. Gross pay was recalculated and agreed back to

- JNC pay award for 22-23 (23-24 not yet agreed in September)
- Minutes of Full Council in December 2022, confirming Clerk's pay.

I note that at 10th November Full Council, the Council ratified the annual pay rise for 23-24.

At the final audit I confirmed that box 4 to the accounts only included costs relating to the employment of staff, as required by regulations.

H - Asset and investments registers were complete and accurate and properly maintained.

Final Audit

Fixed Assets per box 9 to the accounts were £99,221 (22-23 £93,946)

The figure in the accounts has been agreed to the fixed asset register – arithmetic in the asset register has been checked. The asset register correctly accounts for all assets at cost. This follows accounting rules set out in the Practitioners' Guide. The RFO provided details of changes to the asset register in 23-24 as follows

- Assets added to asset register £5,275, main items bus shelter and bench on village green
- Disposals - £1.6K – old bus shelter and obsolete computers.

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I – Periodic and year-end bank account reconciliations were properly carried out.

Interim Audit

I was able to confirm that the bank account is reconciled to the cashbook each month and that it is reviewed at Finance Committee meetings. I re-performed the bank reconciliation for October 2023. I tested the following.

- Checked arithmetic
- Agreed balances to RBS accounting system and to bank statements
- Confirmed that the bank reconciliation has been sent to the Chair of the Finance Committee and that this will be signed at the next meeting of the Committee in January.

The Council is currently drawing up an investment policy. This must be finalised, as all councils with more than £100K of cash or deposits are required to have an investment policy in place (Statutory Guidance on Local Government Investments 3rd edition)

Final Audit

Loans at 31.3.24 were £25,000 (22-23 £35,000)

The year end balance has been agreed to information published on the Debt Management Office website.

Cash per box 8 to the accounts was £87,619 (22-23 £64,272)

I re-performed the year end bank reconciliation. For all bank accounts I was able to agree the balance on the bank reconciliation back to bank statements and cashbook balances recorded on the accounting system . The bank reconciliations have all been reviewed by councillors, this is evidenced by electronic signature on the face of bank reconciliations and bank statements. The reconciliations were reported to the Council meeting on 4 April (minute c24/048.

The original draft accounts included a number of un-presented payments on the current account at 31.3.24, amounting to £10,015. These were BACS payments, and these cannot be recorded as un-presented items on a bank reconciliation – the cashbook date should match the date the payment is authorised at bank. I therefore asked the Clerk to correct these entries and amend the accounting statements, these transactions were removed from the bank reconciliation and added to year end creditors.

In future years, it is recommended that no payments are made in the final week of the financial year, and that the Clerk ensures all payments set up are authorised and cleared through bank in advance of 31 March.

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J - Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded.

Satisfactory – The Council has elected to produce accounts on an accruals basis, although it is not required to do this as income / expenditure is below £200k. Debtors and creditors have been identified. I have been able to agree the statement of accounts back to the income and expenditure account produced by the RBS accounting system . A variance analysis for submission to external audit has been prepared, alongside a reconciliation of box 7 to box 8 on the accounting statements.

L: The Authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements

The requirements of the Transparency Code 2015 do not apply to Plaistow and Ifold Parish Council, as gross income and expenditure is below £200K. However, I can confirm that an archive of AGAR documentation is published as required by regulations alongside other information such as grants awarded.

M - Arrangements for Inspection of Accounts

Inspection periods for 22-23 accounts were set as follows

Inspection - Key date	22-23 Actual
Accounts approved at Full Council	14 June Full Council
Date Inspection Notice Issued	15 June
Inspection period begins	16 June
Inspection period ends	27 July
Correct length	Yes

All regulatory requirements were met in this regard.

N: Publication requirements 22-23 AGAR

The audit certificate, Statement of Accounts and Annual Governance Statement have been published on the Council website. The external audit certificate is dated 23 August. The Conclusion of Audit certificate is also published, dated 31 August 2023, before the statutory deadline of 30 September. The audit certificate was reported to Full Council in September - minute C/23/124, and a clear audit certificate was reported, bar a minor point about audit information requested in the other matters section of the certificate. The Council has met publishing requirements.

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O - Trust funds (including charitable) The council met its responsibilities as a trustee.

The Council is the sole trustee of the Plaistow Playing Field Charity (charity 305404) at the time of my audit (Nov 23) the 22-3 Annual Return had been submitted to the Charity Commission. Reporting requirements have been met. Separate meetings of the trust are held, the Clerk shared minutes of the November 23 meeting and the agenda for the December 23 meeting of the Charity.

I attach my invoice for your consideration together with the internal audit report from the AGAR. I would like to take this opportunity to thank you for your help with the audit. I look forward to working with you again next year, in the meantime please do not hesitate to contact me if I can be of any assistance.

Yours sincerely



Mike Platten CPFA

☎ 07958 990310

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Appendix A – Recommendations

Points Forward – Action Plan - Interim Audit

Matter Arising	Recommendation	Council Response
I discussed the area of cyber risk with the Clerk, and note that the Clerk reviewed cyber insurance options with the insurance broker.	It is recommended that the Council completes a cyber risk assessment, and that a decision on cyber insurance is considered as part of this process.	Actioned and policy set up
The Council is currently drawing up an investment policy.	This must be finalised, as all councils with more than £100K of cash or deposits are required to have an investment policy in place (Statutory Guidance on Local Government Investments 3 rd edition)	Adopted at Full Council December 23

Points Forward – Action Plan - Final Audit

Matter Arising	Recommendation	Council Response
The original draft accounts included a number of unrepresented payments on the current account at 31.3.24, amounting to £10,015. These were BACS payments, and these cannot be recorded as unrepresented items on a bank reconciliation.	In future years, it is recommended that no payments are made in the final week of the financial year, and that the Clerk ensures all payments set up are authorised and cleared through bank in advance of 31 March.	
General reserves at year end were £16,176. This represents 13% of precept, which is below the recommended level set out in the NALC Practitioners' Guide (25-100% of net revenue expenditure). This level of general reserve is not sufficient.	The Council must continue to review reserve balances in the course of 24-25 and put plans in place to increase the general reserve. Options include: <ul style="list-style-type: none"> - Increasing precept - Reviewing current reserve balances and reallocating to general reserve - Reviewing projects and other costs in the budget. 	

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Appendix B

Internal Audit Control Objectives – Marked as not covered

Control Objective	Area for Audit	Why this has not been audited
F	Petty Cash	No petty cash at this council
K	Exemption from limited assurance review	Council had limited assurance review in 22-23

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