

Catherine Nutting  
Clerk to Plaistow and Ifold Parish Council

22 May 2023

Dear Catherine

**Plaistow and Ifold Parish Council**

**Final Audit 2022-23**

The internal audit of Plaistow and Ifold Parish Council for the 2022-23 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 2022-23 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 2022-23. Recommendations are at Appendix A and a schedule of tests not completed as they are not relevant to your Council are listed at Appendix B.

The audit was carried out in two stages. The interim audit was carried out remotely on 8 November 2022, this concentrated on in year financial transactions and governance controls. The final audit was carried out in person. This work was carried out on 25 May 2023 and concentrated on the statement of accounts and balance sheet.

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## **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 2021-22. Box 7 in last year's audited accounts was £77,103. This has been agreed to the opening trial balance on the RBS system.

The Council's most recent VAT return was completed for the period July to September 2022. This was submitted to HMRC on 21 October 2022. Quarter 1 VAT has been repaid 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 balance sheet and income and expenditure reports produced from the RBS Accounting system. All comparatives reported in the financial statements have been agreed back to the audited 21-22 accounts as published on the Council website.

I confirmed that the year-end VAT return has been completed and submitted to HMRC. This was submitted on 6.2.22 and VAT of £619 was reclaimed. This has been agreed to a schedule of transactions extracted from the accounting system. The refund has already been paid by HMRC – checked to bank on 17.4.23.

My interim report was considered at the Full Council meeting in April 2022 - minute c/22/139 - 3. All recommendations were adopted.

I am satisfied that the Council met this control objective.

## **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 2022 review took place (minute c22/074.) NALC templates are followed for both documents.

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

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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. This is a robust system, I make no recommendation for change.

I tested a number of transactions, selected at random from the Council's cashbook for the first 6 months of 22-23. For all transactions tested, I was able to confirm that the above system was followed and that payments were approved in line with financial regulations. I have one recommendation. Electronic signatures from councillors have not been recorded on payment listings since these started being produced from the accounting system.

This control is important, as it demonstrates councillor approval for payments made by the Clerk from the bank. The process of councillor sign off of payment listings should therefore be reintroduced.

The Council now has a debit card. This is primarily used for online purchases – amazon and similar suppliers. I reviewed the bank statement and checked a sample of debit card transactions. This confirmed that all expenditure made using the card is of relatively low value, ( less than £100) and generally for online purchases ( Zoom / Amazon).

### **Final Audit**

Non pay expenditure per box 6 to the accounts amounted to £56,600, down from £90,567 in 21-22.

I tested a number of transactions, selected at random from the Council's cashbook for the second half of the 22-23 financial year. For all transactions tested I was able to

- Agree cashbook entry to invoice
- Confirm VAT accounting correct
- Confirm payment had been reported to a council meeting by reviewing minutes

I am satisfied that the Council met this control objective.

### **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. I have checked indemnity cover / asset insurance and money cover and in my opinion, cover is appropriate for this council. No new assets have been added to the insurance schedule in 22-23, this is consistent with purchases recorded in the cashbook.

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The policy was in date at time of audit, with an expiry date of 31 May 2023. Money cover sufficient at £250K.

The Council risk register is scheduled to be considered at the Council meeting in December 2022. I have reminded the Clerk to ensure that the review of the risk assessment at this meeting is minuted. I will 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 checked that back ups are being stored to this cloud environment .

### **Final Audit**

The Council risk assessment has been subject to further review in at the Full Council meeting in March 2023 (Minute reference C/23/042.) Council approval of the risk assessment was confirmed in a minute at this meeting.

I have reviewed the Risk Management Scheme adopted by the Council. It is comprehensive, there is evidence of review in year. Only one risk is marked as red, this is the loss of the Clerk, appropriate mitigating controls have been identified against this risk.

I am satisfied that the Council met this control objective.

**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 23-24 is underway. The first draft budget will be prepared at a meeting with the Chair of Finance Committee in early December 2022. This will involve a line by line review of the budget. A meeting of Finance committee on 5 Jan will review the draft budget, with budget and precept due to be approved at Full Council meeting on 11 January 2023, before the CDC deadline of 15 January.

I confirmed regular budget monitoring reports, as required by financial regulations, are being produced for Finance Committee meetings, as part of the quarterly finance pack.

This is confirmed in minutes. I reviewed the report produced for the November meeting, showing the quarter 2 outturn. No significant overspends on budget lines were identified.

### **Final Audit**

Reserves at 31 March 2023 were £62,881 ( 21-22 £77.003).

General reserves at year end were £44K. This represents 46% of precept, which is in line with recommended levels set out in the NALC Practitioners' Guide.

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Earmarked reserves of £18.4 K are set aside to fund future projects and contingencies.

Main balances are :

- Community Reserve - £5K
- CIL 21/2 £4.5K
- New Homes Bonus £3.6K.

Reserves appear appropriate and well managed.

The precept for 23-24 was approved at the Full Council meeting in January 2023. A precept of £118,000 was approved, following detailed analysis of budget and precept options at this meeting. The final 23-24 budget was approved at the April 2023 meeting of Full Council, this is published on the Council website ( April meeting papers).

I am satisfied that this control objective has been met.

**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 £96,000 (2021-22 £92,000). This has been agreed to third party documentation provided by central government.

Income per box 3 to the accounts was £1,722 (2021-22 £59,120).

Not tested given low value of income in year. The Council received the £45K PWLB loan in 21-22, which is the main reason income was so much higher last year.

I am satisfied that this control objective has been met.

**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.**

#### **Final Audit**

Staff costs per box 4 to the accounts were £44,720 ( 2021-22 £35,330).

I note that payroll is processed by externally by West Sussex County Council.

I checked the payment to the Clerk for February 2023. Gross pay per the payslip was confirmed to the 22-23 pay award for an officer at scale point 31 working full time. The clerk's scale point was confirmed to a resolution of Council in April 2022, and the 22-23 pay increase to a minute from December 22 meeting of Council.

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

Fixed Assets per box 9 to the accounts were £93,946 ( 21-22 £93,446)

The figure in the accounts has been agreed to the fixed asset register. I note this was reviewed at the Ful Council meeting in March 2023 - minute C/23/40. Increase is due to the addition of the Jubilee Beacon, I confirmed this item has been correctly added at cost.

I checked the cashbook and did not identify any other purchases that should have been added to the asset register.

The asset register correctly accounts for all assets at cost or proxy cost ( historic assets added to the register at a value of £1) This follows accounting rules set out in the Practitioners' Guide.

I am satisfied that the Council has met this control objective.

## **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 September 2022. For the 2 bank accounts I tested the following.

- Checked arithmetic
- Agreed balances to RBS accounting system and to bank statements
- Confirmed that the bank reconciliation will be noted at a Council meeting – November 2022.

The Council has been looking at moving reserve balances into a higher interest account, this is sensible given that cash reserves exceed the £85K protected balance. I suggested that the Clerk should contact other clerks to see which financial institutions are taking on parish council clients.

### **Final Audit**

Loans per box 10 were £35,000, this has been agreed to year end information provided by the Debt Management Office.

Cash per box 8 to the accounts was £64,272 (21-22 £77,003)

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 RBS. The reconciliation has also been reviewed by Cllr Taylor, the review evidenced by electronic signature on the bank reconciliation and the bank statements.

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The bank reconciliation was reported to the April meeting of Finance Committee, I have checked this to draft minutes. I am satisfied that this control objective has been met.

**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.

**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**

Yes – The Council has an up to date website, and the 21-22 AGAR and external audit certificate can easily be located on the website. Minutes of Council meetings are published on the website and were up to date at the time of my audit. There is an archive of AGAR documentation published on the website, going back to 2016-17.

**M - Arrangements for Inspection of Accounts**

The external auditors reported that the inspection period for 21-22 AGAR was set 1 day longer than required. Extract from the audit certificate is below

Section 14(1) of the Audit and Accounts Regulations 2015 provides that the period of public rights should be a 'single period of 30 working days'. This year the Council provided a period of 31 working days for the review of their records. Whilst we do not consider providing a longer period than stated to be more than a trivial breach of the regulations, it could lead to other issues. The council should in future calculate the period to provide a public rights period of precisely 30 days.

This is an extremely petty point. However, The Council should ensure it sets the inspection period at 30 days in 22-23. The external auditors have confirmed there is no impact on the 22-23 financial year.

**N: Publication requirements 2021-22 AGAR**

The audit certificate and completed AGAR is published on the Council website. The external audit certificate is dated 27 July. The Conclusion of Audit certificate is also published, dated 4 August 2022, before the statutory deadline of 30 September. The audit certificate was reported to the Finance Committee in August - minute F/22-23/006.

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For clarity, I recommend that the Accounts and Annual Governance Statement are republished alongside the external audit certificate.

The external auditor raised 2 minor issues in the other matters section of the audit certificate

- the incorrect box on AGAR relating to the Council's trustee status had been marked incorrectly in previous years
- the inspection period for 21-22 was 1 day too long.

The Council has met publishing requirements.

**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). The annual return was submitted to the Charity Commission in November 2022, in advance of the regulatory deadline.

I would like to thank you for your assistance with the audit. I attach my invoice, and the internal audit report from the AGAR for your consideration.

Yours sincerely



Mike Platten CPFA

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## Appendix A – Recommendations

### Points Forward – Action Plan - Interim Audit

Matter Arising	Recommendation	Council Response
Electronic signatures from councillors have not been recorded on payment listings since these started being produced from the accounting system.	This control is important, as it demonstrates councillor approval for payments made by the Clerk from the bank. The process of councillor sign off of payment listings should therefore be reintroduced.	<b>Now in place</b>

**No matters arising at final audit**

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**Appendix B**

**Internal Audit Control Objectives – Marked as not covered**

<b>Control Objective</b>	<b>Area for Audit</b>	<b>Why this has not been audited</b>
F	Petty Cash	No petty cash at this council
K	Exemption from Limited Assurance Review	Council is not exempt

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