

Catherine Nutting
Clerk to Plaistow and Ifold Parish Council

8 November 2022

Dear Catherine

Plaistow and Ifold Parish Council

Interim Audit 2022-23

Following the interim audit completed on 8 November, I attach my report for consideration by the Council. This was the first of two audits I intend to carry out to support my opinion on the 22-23 Annual Governance and Accountability Return (AGAR). I covered the following at this visit:

- Review of opening balances and reporting of 21-22 audit opinion
- Follow up previous recommendations
- Testing of expenditure first 6 months of financial year
- Testing of income – first 6 months of financial year
- Risk management and insurance
- Salaries and wages
- Budget monitoring reports
- Arrangements for inspection of accounts
- Bank reconciliations.

I am pleased to report that overall Council has successfully maintained a strong system of financial control. I have 1 minor recommendation to raise, see Appendix A.

The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. The internal audit reports should therefore be made available to all members to support and inform them when they are considering the Authority's approval of the annual governance statement. I am required by Section 4 of 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 testing carried out at the interim audit.

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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.

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 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.

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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).

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. 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 .

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.

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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.

I will review reserves at my year end audit.

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

Interim Audit

I reviewed the cashbook. There is minimal non precept income – I will test income at year end.

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.

Year end test – I will test clerk's increased hours and pay increase.

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

Year end test

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.

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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.

Year-end task

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. This test is therefore not applicable at this Council and the internal audit report will be marked as not covered.

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.

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.

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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 22) the 21-22 return had not been sent to the Charity Commission. This should be done before the end of January.

I would like to thank you for your assistance with the audit. I attach my invoice, and will be in touch in February to make arrangements for the year end audit.

Yours sincerely



Mike Platten CPFA

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.	

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