



6 Uplands Road  
Farnham GU9 8BP

Catherine Nutting  
Clerk to Plaistow and Ifold  
Parish Council

27 April 2022

Dear Catherine

**Plaistow and Ifold Parish Council - Internal Audit 2021-22**

Following completion of the final audit, the internal audit of Plaistow and Ifold Parish Council for the 2021-22 financial year has now been concluded. 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 2021-22 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— 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 in the detailed report, together with the results of my internal audit work for 2021-22.

The audit was carried out in two stages.

- The interim audit was completed on 9 March 2022. This concentrated on financial transactions for months 1-11, and governance controls.
- The final audit was carried out on 26 April 2022. At this audit I reviewed the statement of accounts, balance sheet and year end transactions.

I would like to thank you for your assistance with the audit

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

**Interim Audit**

The Council uses the RBS Rialtas Alpha accounting system to record the 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.

I was able to agree the opening balances in the cashbook back to the audited accounts for 2020-21. Box 7 in last year's audit accounts was £57,105. This has been agreed to the statutory balance sheet on the RBS system.

The Council most recent VAT return was completed for the period 1<sup>st</sup> October to 31 November 2021. The additional claim was made to reclaim VAT incurred on the playground project.. I also checked that a VAT return was submitted for the first six months of 21-22. VAT reclaimed was agreed to a transaction listing produced by the accounting system.

The Council received a clear external audit certificate for 2020-21. There are no matters to take forward to this accounting year.

I am satisfied that this control objective has been met.

**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 20-21 accounts as published on the Council website.

I confirmed that the year-end VAT return has been completed and submitted to HMRC, The refund has already been paid by HMRC. I agreed the VAT Debtor account on the balance sheet to the year-end VAT return.

My interim report was considered at the Full Council meeting in April 2022 - minute c/22/043. 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 2021 review to minutes of the May 21 meeting. NALC templates are followed for both documents. Next review is due in May 22.

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, with a value of £72K. 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 2 recommendations:

- The Council did not comply with the Public Contracts Regulations 2015 when seeking a supplier for the new playground. The contract should have been advertised on the Contracts Finder website. In future these regulations should be followed for all expenditure above the £25K threshold.
- The Council does not have a debit card. The Clerk has to fund transactions such as licences and amazon purchases using her personal card, and then reclaim expenses from the Council. The Council should apply for a debit card on the Council bank account.

**Final Audit**

Non pay expenditure per box 6 to the accounts amounted to £90,567, up from £37,141 in 20-21.

I reviewed the accruals schedule prepared as part of year end closedown, all appeared valid and correctly entered into the books of account. No significant items of expenditure had been entered into the cashbook since my previous visit in mid-March, so no further testing was carried out .

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 Axa , 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. I confirmed that the new playground has been added to the policy, this has been confirmed to the assets insured schedule. The policy was in date at time of audit, with an expiry date of 31 May 2022.

The Council risk register is scheduled to be considered at the Council meeting in March 2022. I have reminded the Clerk to ensure that the review of the risk assessment at this meeting is minuted.

All computer data is Office 365 based and held in the Cloud, which ensures computer information is properly backed up. Data also backed up to hard drive. RBS back up file is created whenever the systems is used, back up is saved to one drive. I am satisfied that back up arrangements are sufficient.

I am satisfied that the Council is meeting this control objective.

**Final Audit**

The Council risk assessment has been subject to further review in at the Full Council meeting in March 2022 (Minute reference C/22/036.) Council approval of the risk assessment was confirmed in a minute at this meeting.

The Clerk is carrying out a detailed review of the risk assessment in 2022-23, this will be updated before the end of the calendar year.

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**

I was able to confirm that the budget and precept for 22-23 were approved the Full Council meeting in January 2022. Evidence in minutes and within supporting papers show proper consideration of the budget and the Council's reserve position before approval of the precept and budget for 2022-23. Precepting authority deadlines were met.

I confirmed regular budget monitoring reports, as required by financial regulations, are being produced for Council meetings, as part of the quarterly finance pack. This is confirmed in minutes. I reviewed the report produced for the January meeting. An underspend was indicated at this point.

There is scope to make more use of the RBS accounting system in both budget monitoring and budget setting work. I recommend the Clerk should book training time with RBS to ensure the Council makes full use of the system.

### **Final Audit**

Reserves at 31 March 2022 were £77,003 (20-21 £57,105).

General reserves at year end were £49K. This represents 53% of precept, which is in line with recommended levels set out in the NALC Practitioners' Guide.

Earmarked reserves of £28K are set aside to fund future projects and to support fixed assets. These appear appropriate and well managed.

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 £92,000 (2020-21 £93,000). This has been agreed to third party documentation provided by external audit.

Income per box 3 to the accounts was £59,120 (2020-21 £12,740). The increase is principally due to the PWLB loan received in 21-22.

I tested the following income transactions selected from the cashbook:

- CIL receipt from District Council £4,591 – This was agreed to email confirmation from the Finance Department at Chichester DC. I also checked that the income has been transferred to a CIL reserve
- PWLB receipt £49,975- agreed to application form for the loan.

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 £35,330 (2020-21 £37,969).

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

I checked the payment to the Clerk for March 2022. Gross pay per the payslip was confirmed back to the Clerk's contract. Payment was signed off by Councillors via the

monthly payment order. I agreed payment on the cashbook back to payroll summary document issued by the payroll provider.

I am satisfied that the Council met this control objective.

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

Fixed Assets per box 9 to the accounts were £93,446 ( 20-21 £54,118)

The figure in the accounts has been agreed to the fixed asset register. Increase is due to the addition of the playground equipment in 2021-22, I confirmed these items have been correctly added at cost. 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, I was also able to confirm that the bank reconciliation is reviewed at Finance Committee meetings.

I re-performed the bank reconciliation for February 2022. For the 2 bank accounts I tested the following.

- Checked arithmetic
- Agreed balances to RBS accounting system and to bank statements
- Confirmed the bank reconciliation had been noted at a Council meeting.
- The quarter 3 bank reconciliations are due to be reviewed at the April Finance Committee meeting. I checked proper sign off had occurred for the quarter 2 bank reconciliation.

The Council has a loan with PWLB – I will confirm the year end balance to PWLB year end statements at my final audit.

I am satisfied that, controls over the Council's cash and bank are adequate and that this control objective has been met.

**Final Audit**

Loans per box 10 were £45,000, this has been agreed to year end information provided by the Debt Management Office.

Cash per box 8 to the accounts was £77,108 (20-21 £53,207)

I reperformed 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 had not been signed off at the time of my audit, but had been reported to the April meeting of Full Council.

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 . The Clerk was finalising the variance analysis for submission to audit at the time of my audit – I provided advice on information required by Moore.

**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**

Inspection periods for 2020-21 accounts were set as follows

Inspection - Key date	20-21 Actual
Accounts approved at Full Council	23 June Full Council
Date Inspection Notice Issued and how published	24 June
Inspection period begins	25 June
Inspection period ends	5 August
Correct length	Yes

All regulatory requirements were met in this regard.

**N: Publication requirements 2020 AGAR**

The Statement of Accounts, Annual Governance Statement and the external audit certificate are published on the accounts page of the Council website. The external audit certificate is dated 21 September. The Council received a clear audit opinion last year. The Conclusion of Audit certificate is also published, dated 28 September 2021, before the statutory deadline of 30 September. The Council 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) Annual returns are up to date, the 20-21 annual return was submitted to the Charity Commission on 10 November 2021. I note that the Council has declared that it has no trusts in the past. This is incorrect, the relevant cells on the Governance Statement and the Statement of Accounts should be marked "YES" going forward.

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

A handwritten signature in black ink, appearing to read 'M. Platten', written in a cursive style.

Mike Platten CPFA



## Appendix A – Recommendations

### Points Forward – Action Plan - Interim Audit

Matter Arising	Recommendation	Council Response
The Council does not have a debit card. The Clerk has to fund transactions such as licences and amazon purchases using her personal card, and then reclaim expenses from the Council.	The Council should apply for a debit card on the Council bank account.	<b>Council have approved this, and this will be actioned in due course</b>
The Council did not comply with the Public Contracts Regulations 2015 when seeking a supplier for the new playground. The contract should have been advertised on the Contracts Finder website.	In future these regulations should be followed for all expenditure above the £25K threshold.	<b>Noted , should expenditure of this magnitude occur again, this will be followed.</b>
The Council risk register is scheduled to be considered at the Council meeting in March 2022	I have reminded the Clerk to ensure that the review of the risk assessment at this meeting is minuted.	<b>Completed.</b>
There is scope to make more use of the RBS accounting system in both budget monitoring and budget setting work	I recommend the Clerk should book training time with RBS to ensure the Council makes full use of the system	<b>Agreed by council.</b>
I was not able to agree the payroll recorded on the general ledger as the payroll summary from WSCC is password protected	I will finalise this test at my final audit.	<b>Test completed at final audit</b>
I note that the Council has declared that is has no trusts in the past.	This is incorrect, the relevant cells on the Governance Statement and the Statement of Accounts should be marked “YES” going forward.	<b>Clerk confirms this will be actioned</b>



**Points Forward – Action Plan - Final Audit**

**No matters arising.**