

Catherine Nutting

Clerk to Plaistow and Ifold

Parish Council

9 March 2022

Dear Catherine

Plaistow and Ifold Parish Council - Internal Audit 2021-22

Interim Audit Report

Following the interim audit completed on 9 March, 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 2021-22 Annual Governance and Accountability Return (AGAR). I covered the following at this visit:

- Review of opening balances and reporting of 2020-21 audit opinion
- Testing of expenditure first 11 months of financial year
- Risk management and insurance
- Salaries and wages
- Budget monitoring reports
- Income
- Arrangements for inspection of accounts
- Bank reconciliations.
- Trusts

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.

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 1st 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.

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.

I am satisfied that the Council is meeting 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.

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.

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

Year end test

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 Audit

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

I checked the payment to the Clerk for January 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 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.

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

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

Year end test – I have confirmed the asset register is in place and has been updated with details of the new playground.

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.

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 test

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, for your consideration. In the meantime, do not hesitate to contact me if you have any questions at all, and I will see you on 26 April for the final audit.

Yours sincerely

A handwritten signature in black ink, appearing to read "M. Platten".

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.	
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 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.	
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	
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.	
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.	