

**John P Watson & Co**

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**Paglesham Parish Council**

**Internal Audit Report 2023-24**

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**86 Southchurch Boulevard  
Southend on Sea  
Essex, SS2 4UZ**

## **Introduction**

Legislation introduced from 1<sup>st</sup> April 2001, requires all Town and Parish Councils to implement an independent internal audit examination of their accounts and accounting processes annually. The following report complies with these requirements.

This report sets out the work undertaken in relation to the 2023-24 financial year, during the course of the interim audit, which was finalised on 21st May 2024.

## **Internal Audit Approach**

The basis of the review is that regard should be given to the materiality of transactions and their susceptibility to potential misrecording or misrepresentation in the year-end Statement of Accounts/AGAR. The programme of cover has been designed to afford appropriate assurance that the Council's financial systems remain robust and operate in a manner to ensure effective control of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory regulatory framework. The programme is also designed to assist the completion of the 'Internal Audit Report' as part of the Council's AGAR process, which requires independent assurance over several internal control objectives.

## **Overall Conclusion**

On the basis of the programme of work undertaken during the audit, it can be reported that the Council maintains adequate and effective internal control arrangements.

We have completed and signed the 'Annual Internal Audit Report' in the year's AGAR, having concluded that, in all significant respects, the Internal Control Objectives set out in that report, were being achieved throughout the financial year to a standard adequate to meet the needs of the Council. The Clerk is thanked for his assistance during this Internal Audit

## 1 Accounting Records & Bank Reconciliations

### a) Objective

To ensure that the accounting records are being maintained accurately and currently and that no incorrect or inexplicable entries appear in cashbooks or financial ledgers.

### b) Detail

- i. There is one bank accounts in operation with Barclays Bank being a Community Account.
- ii. The Council maintains their accounting records by way of an Excel Spreadsheet which is adequate for a Council of this size. It has previously been commented that the spreadsheet currently in use is very basic and it is again suggested that it should be expanded to take into account different expenditure headings.
- iii. The opening Excel Spreadsheet cashbook balance for 2023-24 has been reconciled to the 2022-23 closing Statement of Accounts and the certified AGAR detail.
- iv. VAT is identified separately in the Excel Spreadsheet.
- v. All transactions in the cashbooks for the Barclays Community Account have been checked for the year to 31st March 2024. All were complete and had been prepared in a timely manner. There were certain small discrepancies which have been brought to the attention of the Clerk.
- vi. Bank Reconciliations were prepared on a regular basis. These have been checked and were complete and accurate.
- vii. All accounts remained “in balance” at the end of the period under review.
- viii. It is noted that a back-up is currently only done to Dropbox. It is understood that the Clerk is purchasing a separate hard drive as an alternative form of back up.

### c) Conclusion

- i. It is suggested that the expenditure headings on the Excel Spreadsheet should be expanded to take into account different expenditure headings.

## 2 Corporate Governance

### a) Objective

To ensure that the Council has a robust regulatory framework in place, that Council meetings are conducted in accordance with the adopted Standing Orders and that, bearing in mind we do not attend Council or Committee meetings, no actions of a potentially unlawful nature have been or are being considered for implementation.

### b) Detail

- i. The Council Minutes have been reviewed for the year to date by reference to the Council’s website and in hard copy format, to identify whether any issues arise that may have an adverse effect on the Council’s future financial stability, either in the short, medium or longer term.

- ii. Standing Orders and Financial Regulations were last reviewed and agreed at the Council meeting on 28th June 2023 (minutes 40.23-.24 and 41.23-24 refer).
- iii. The Council is required to comply with the Transparency Code as its turnover is less than £25,000. The Council maintains an adequate website which meets all the current requirements of the Accessibility Act. It is noted that the Councillors and the Clerk are not using .gov.uk email addresses. NALC are recommending that Councillors and the Clerk should use such email addresses and it is suggested that appropriate email addresses be created.
- iv. The 2024/2025 precept was agreed in the amount of £9,120 at the Council meeting held on 14th December 2023 (minute 88.23-24 refers).
- v. The Council has correctly provided the proper opportunity for the exercise of public rights following the audit for 2022-23. Council are reminded that public notices should be retained on the website for five years.

**c) Conclusion**

- i. It is suggested that appropriate email addresses be created for Councillors and the Clerk.

### **3 Expenditure**

**a) Objective**

To ensure that the Council follows good practice when making payments.

**b) Detail**

- i. All payments for the year to 31st March 2024 were checked.
- ii. All Payments were supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due.
- iii. All payments were approved by Council members as required.
- iv. All discounts due on goods and services were taken where appropriate.
- v. It was again noted that payments which had been made under Section 137 were not actually minuted as such in the meeting approving those payments. It is suggested that Section 137 payments be minuted.
- vi. VAT has been appropriately identified for periodic recovery although it was noted that, in some instances, VAT had been recorded incorrectly. This has been brought to the attention of the Clerk.
- vii. The Council does not hold any Debit or Credit cards.
- viii. The full details of each months' payments have been presented to Members at Council meetings and minuted accordingly.
- ix. A VAT repayment claim to HMRC has been made in the year. This claim covered the three years to 31st March 2023 and was for the sum of £1,473.54. The repayment from HMRC in respect of this claim was received in August 2023.

**c) Conclusion**

- i. It is suggested that Section 137 payments should be minuted as such in the body of the minutes.

## 4 Risk

### a) Objective

To ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks.

### b) Detail

- i. Council completed their Risk Assessment Review at the Council meeting held on 28th June 2023 (minute 43.23-24 refers).
- ii. Council regularly undertakes inspections of the Council Play Area, action being taken on any issues arising. Council is reminded that it is a statutory requirement to retain all playground inspection reports for a period of eighteen plus three years, twenty-one years in total, and to ensure that a reasonable and proportionate Playground Management Policy is in maintained.
- iii. An annual inspection is undertaken of the Council Play Area by a RoSPA accredited Inspector.
- iv. Council's insurance is with Hiscox Underwriting Ltd through Gallagher Insurance Brokers Ltd. The current policy expires on 31st May 2024 with Employers and Public Liability being set at £10m and Fidelity Guarantee being set at £500k.

### c) Conclusion

There are no matters to be commented on in this area of the Report.

## 5 Precept Determination

### a) Objective

To ensure that the Council has the appropriate procedure in place for identifying and approving its future budgetary requirements and level of precept to be drawn down from the District Council.

### b) Detail

- i. Council were presented and agreed the budget prepared on an Excel Spreadsheet for 2024/2025 at their meeting on 14th December 2023 (minute 88.23-24 refers).
- ii. As detailed previously in this Report, The precept for 2023-2024 in the amount of £9,120 was agreed at the Council meeting held on 14th December 2023 (minute 88.23-24 refers).

### c) Conclusion

There are no matters to be commented on in this area of the Report.

## 6 Budget Control

### a) Objective

To ensure that Council has an effective reporting and monitoring process is in place and also to ensure that the Council retains appropriate funds in general and earmarked reserves to finance its ongoing spending plans, whilst retaining appropriate sums to cover any unplanned expenditure that might arise.

**b) Detail**

- i. Council are regularly provided with detail of the monthly receipts and payments.
- ii. It is noted that the detailed 2024/2025 budget was agreed by Council at their meeting on 14t December 2023 (minute 88.23-24 refers).
- iii. It is noted that General Reserves at the year end were £3,567 which equates to between four and five months average revenue expenditure which is within the current guidelines of between three and six months average revenue expenditure.

**c) Conclusion**

There are no matters to be commented on in this area of the Report.

## 7 Income

**a) Objective**

To ensure that Council has appropriate procedures in place to ensure that all income due is identified, invoiced (if necessary), recovered and banked in a timely manner.

**b) Detail**

- i. The sources of income available to the Council are the precept, VAT recovery and occasional grants and donations.
- ii. It is noted that, during the year under review, the Council received grants from the ECC Locality Fund totalling £667.80.
- iii. As previously mentioned in this report a VAT reclaim has been submitted to HMRC for the three years to 31st March 2023.

**c) Conclusion**

There are no matters to be commented on in this area of the Report.

## 8 Petty Cash

**a) Objective**

To ensure that the Council follows good practice when making cash payments.

**b) Detail**

The Parish Council does not hold Petty Cash.

**c) Conclusion**

There are no matters to be commented on in this area of the Report.

## 9 Salaries

**a) Objectives**

To confirm that current Employment Law is being appropriately observed together with the requirements of HM Revenue and Customs (HMRC) legislation as regards the deduction and payment over of income tax and NI contributions, together with meeting the requirements of the revised local government pension scheme, to which employees contribute.

**b) Detail.**

- i. The Clerk's salary is approved by Council on a monthly basis as part of the payment approval process. The Clerk is paid by monthly Standing Order with any necessary adjustment being made in month 12.
- ii. Council approved the increase and back pay in respect of the NALC pay award for 2023-24 at their meeting on 14th December 2023 (minutes 89.23-24 iii & iv refer).
- iii. The payroll has been processed by the Clerk on a quarterly basis using HMRC PAYE Tools.
- iv. It is noted, however that the Clerk does not present the PAYE Tools calculations to Council for the salary payments to be approved. It is recommended that this be done in future.
- v. The salary paid for the months of September 2023 and January 2024 has been checked with no issues arising.
- vi. All required payments have been made to HMRC in respect of PAYE/NI deductions although it is noted that the Council have been charged a late filing penalty by HMRC in the amount of £100, apparently in respect of the tax year 2021/2022

**c) Conclusion**

It is recommended that appropriate paperwork is presented to Council to confirm salary payments.

## 10 Asset Register

**a) Objective**

To ensure that the Council develops and maintains a register of assets identifying detail of all land, buildings, vehicles, furniture and equipment owned by the Council as required by the Governance and Accountability Manual.

**b) Detail**

- i. The Council maintains a formal Asset Register which has been prepared using purchase cost uplifted or decreased to reflect the acquisition or disposal of any assets (where applicable) during the financial year.
- ii. The Asset Register was approved by Council at their meeting on 28th June 2023 (minute 42.23-24 refers).
- iii. The Council does not currently maintain a photographic record of its assets. It is suggested that this be done. Should the need arise to make an insurance claim relating to an Asset, being able to produce a photographic record of that asset will be useful in progressing any such claim.

**c) Conclusion**

It is suggested that a photographic record be made of all Parish Council Assets.

## **11 Investments and Loans**

**a) Objective**

To ensure that the Council is “investing” surplus funds, be they held temporarily or on a longer term basis in appropriate banking and investment accounts; that an appropriate investment policy is in place; that the Council is obtaining the best rate of return on any such investments made; that interest earned is brought to account correctly and appropriately in the accounting records and that any loan repayments due to or payable by the Council are transacted in accordance with appropriate loan agreements.

**b) Detail**

- i. Council holds no long-term investments.
- ii. Council does not have any loans with external bodies repayable by or to it.

**c) Conclusion**

There are no matters to be commented on in this area of the Report.

## **12 Statement of Account and AGAR**

**a) Objective**

To ensure Council meets the requirements of the 1996 Accounts and Audit Regulations in that they must prepare annually a detailed Statement of Accounts, together with supporting statements identifying other aspects of the Council’s financial affairs.

**b) Detail**

- i. The income of the Council being below £25,000, the Council is required to submit an exemption certificate to the external auditors
- ii. Section two AGAR as prepared by the Clerk has been reviewed with no issues arising

**c) Conclusion**

There are no matters arising in this area of our review warranting formal comment or recommendation and, on the basis of the work undertaken during the course of our review for the year, the Internal Audit Certificate in the Annual Return has been completed and signed assigning positive assurances in all areas.

**21st May 2024**

