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John P Watson & Co

Paglesham Parish Council

Internal Audit Report 2024-25

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86 Southchurch Boulevard
Southend on Sea
Essex, SS2 4UZ

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 Spreadsheeet 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 once again <u>suggested</u> that it should be expanded to take into account different expenditure headings.

iii. The opening Excel Spreadsheet cashbook balance for 2024-25 has been reconciled to the 2023-24 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 2025. All were complete and had been prepared in a timely manner.

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 has now purchased a separate hard drive as an alternative form of back up.

c) **Conclusion**

i. It is <u>suggested</u> 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 reviewed and agreed at the Council meeting on 23rd May 2024 (minutes 12.24-.25 and 13.24-25 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 still not using .gov.uk email addresses. NALC are recommending that Councillors and the Clerk should use such email addresses and it is again suggested that appropriate email addresses be created.

iv. The 2025/2026 precept was agreed in the amount of £10,760 at the Council meeting held on 5th December 2024 (minute 72.24-25 refers).

v. The Council has correctly provided the proper opportunity for the exercise of public rights following the audit for 2023-24. Council are reminded that AGAR information should be retained on the Council 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 tear 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. 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.

vi. The Council does not hold any Debit or Credit cards.

vii. The full details of each months' payments have been presented to Members at Council meetings and minuted accordingly.

viii. No VAT repayment claim to HMRC has been made in the year under review

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 23rd May 2024 (minute 15.24-25 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 2025 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 2025/2026 at their meeting on 5th December 2024 (minute 72.24-25 refers).
ii. As detailed previously in this Report, The precept for 2025-2026 in the amount of £10,760 was agreed at the Council meeting held on 5th December 2024 (minute 72.24-25 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, as mentioned previously in this Report, that the detailed 2025/2026 budget was agreed by Council at their meeting on 5th December 2024 (minute 72.24-25 refers).

iii. It is noted that General Reserves at the year end were £1,030 which equates to just over one month's average revenue expenditure which is below the currently accepted guidelines of between three and six months average revenue expenditure. It is suggested that Council should commence to build up their General Reserves

c) Conclusion

i. It is suggested that Council should commence to build up their General Reserves

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. As previously mentioned in this report no VAT reclaim has been submitted to HMRC in the year under review

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 2024-25 at their meeting on 5th December 2024 (minute 90.24-25 refers).
iii. The payroll has been processed by the Clerk on a monthly basis using HMRC PAYE Tools.
iv. It is noted, however that the Clerk still 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 May and December 2024 has been checked with no issues arising.
vi. All required payments have been made to HMRC in respect of PAYE/NI deductions.

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 23rd May 2024 (minute 14.24-25 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.

2nd May 2025

Smaller authority name: PAGLESHAM PARISH COUNCIL

NOTICE OF PUBLIC RIGHTS AND PUBLICATION OF ANNUAL GOVERNANCE & ACCOUNTABILITY RETURN (EXEMPT AUTHORITY)

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

Local Audit and Accountability Act 2014 Sections 25, 26 and 27
The Accounts and Audit Regulations 2015 (SI 2015/234)

NOTICE

1. Date of announcement 29/06/25 (a)

2. Each year the smaller authority prepares an Annual Governance and Accountability Return (AGAR). The AGAR has been published with this notice. It will not be reviewed by the appointed auditor, since the smaller authority has certified itself as exempt from the appointed auditor's review.
Any person interested has the right to inspect and make copies of the AGAR, the accounting records for the financial year to which it relates and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records must be made available for inspection by any person interested. For the year ended 31 March 2025, these documents will be available on reasonable notice by application to:

(b) MR. B. SUMMERFIELD CLERK/RFO
BSUMMVINT@HOTMAIL.COM
01702 549308

commencing on (c) ~~Tuesday 3 June 2025~~ 1st JULY 25

and ending on (d) ~~Monday 14 July 2025~~ 11th AUGUST 25

3. Local government electors and their representatives also have:

- The opportunity to question the appointed auditor about the accounting records; and
- The right to make an objection which concerns a matter in respect of which the appointed auditor could either make a public interest report or apply to the court for a declaration that an item of account is unlawful. Written notice of an objection must first be given to the auditor and a copy sent to the smaller authority.

The appointed auditor can be contacted at the address in paragraph 4 below for this purpose between the above dates only.

4. The smaller authority's AGAR is only subject to review by the appointed auditor if questions or objections raised under the Local Audit and Accountability Act 2014 lead to the involvement of the auditor. The appointed auditor is:

PKF Littlejohn LLP (Ref: SBA Team)
15 Westferry Circus
Canary Wharf
London E14 4HD
(sba@pkf-l.com)

5. This announcement is made by (e) B SUMMERFIELD CLERK/RFO

NOTES

(a) Insert date of placing of the notice which must be not less than 1 day before the date in (c) below

(b) Insert name, position and address/telephone number/ email address, as appropriate, of the Clerk or other person to which any person may apply to inspect the accounts

(c) Insert date, which must be at least 1 day after the date of announcement in (a) above and at least 30 working days before the date appointed in (d) below

(d) The inspection period between (c) and (d) must be 30 working days inclusive and must include the first 10 working days of July.

(e) Insert name and position of person placing the notice – this person must be the responsible financial officer for the smaller authority

LOCAL AUTHORITY ACCOUNTS: A SUMMARY OF YOUR RIGHTS

Please note that this summary applies to all relevant smaller authorities, including local councils, internal drainage boards and 'other' smaller authorities.

The basic position

The Local Audit and Accountability Act 2014 (the Act) governs the work of auditors appointed to smaller authorities. This summary explains the provisions contained in Sections 26 and 27 of the Act. The Act and the Accounts and Audit Regulations 2015 also cover the duties, responsibilities and rights of smaller authorities, other organisations and the public concerning the accounts being audited.

As a local elector, or an interested person, you have certain legal rights in respect of the accounting records of smaller authorities. As an interested person you can inspect accounting records and related documents. If you are a local government elector for the area to which the accounts relate you can also ask questions about the accounts and object to them. You do not have to pay directly for exercising your rights. However, any resulting costs incurred by the smaller authority form part of its running costs. Therefore, indirectly, local residents pay for the cost of you exercising your rights through their council tax.

The right to inspect the accounting records

Any interested person can inspect the accounting records, which includes but is not limited to local electors. You can inspect the accounting records for the financial year to which the audit relates and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records. You can copy all, or part, of these records or documents. Your inspection must be about the accounts, or relate to an item in the accounts. You cannot, for example, inspect or copy documents unrelated to the accounts, or that include personal information (Section 26 (6) – (10) of the Act explains what is meant by personal information). You cannot inspect information which is protected by commercial confidentiality. This is information which would prejudice commercial confidentiality if it was released to the public and there is not, set against this, a very strong reason in the public interest why it should nevertheless be disclosed.

When smaller authorities have finished preparing accounts for the financial year and approved them, they must publish them (including on a website). There must be a 30 working day period, called the 'period for the exercise of public rights', during which you can exercise your statutory right to inspect the accounting records. Smaller authorities must tell the public, including advertising this on their website, that the accounting records and related documents are available to inspect. By arrangement you will then have 30 working days to inspect and make copies of the accounting records. You may have to pay a copying charge. The 30 working day period must include a common period of inspection during which all smaller authorities' accounting records are available to inspect. This will be 1-14 July 2025 for 2024/25 accounts. The advertisement must set out the dates of the period for the exercise of public rights, how you can communicate to the smaller authority that you wish to inspect the accounting records and related documents, the name and address of the auditor, and the relevant legislation that governs the inspection of accounts and objections.

The right to ask the auditor questions about the accounting records

You should first ask your smaller authority about the accounting records, since they hold all the details. If you are a local elector, your right to ask questions of the external auditor is enshrined in law. However, while the auditor will answer your questions where possible, they are not always obliged to do so. For example, the question might be better answered by another organisation, require investigation beyond the auditor's remit, or involve disproportionate cost (which is borne by the local taxpayer). Give your smaller authority the opportunity first to explain anything in the accounting records that you are unsure about. If you are not satisfied with their explanation, you can question the external auditor about the accounting records.

The law limits the time available for you formally to ask questions. This must be done in the period for the exercise of public rights, so let the external auditor know your concern as soon as possible. The advertisement or notice that tells you the accounting records are available to inspect will also give the period for the exercise of public rights during which you may ask the auditor questions, which here means formally asking questions under the Act. You can ask someone to represent you when asking *the external auditor questions.*

Before you ask the external auditor any questions, inspect the accounting records fully, so you know what they contain. Please remember that you cannot formally ask questions, under the Act, after the end of the period for the exercise of public rights. You may ask your smaller authority other questions about their accounts for any year, at any time. But these are not questions under the Act.

You can ask the external auditor questions about an item in the accounting records for the financial year being audited. However, your right to ask the external auditor questions is limited. The external auditor can only answer 'what' questions, not 'why' questions. The external auditor cannot answer questions about policies, finances, procedures or anything else unless it is directly relevant to an item in the accounting records. Remember that your questions must always be about facts, not opinions. To avoid misunderstanding, we recommend that you always put your questions in writing.

The right to make objections at audit

You have inspected the accounting records and asked your questions of the smaller authority. Now you may wish to object to the accounts on the basis that an item in them is in your view unlawful or there are matters of wider concern arising from the smaller authority's finances. A local government elector can ask the external auditor to apply to the High Court for a declaration that an item of account is unlawful, or to issue a report on matters which are in the public interest. You must tell the external auditor which specific item in the accounts you object to and why you think the item is unlawful, or why you think that a public interest report should be made about it. You must provide the external auditor with the evidence you have to support your objection. Disagreeing with income or spending does not make it unlawful. To object to the accounts you must write to the external auditor stating you want to make an objection, including the information and evidence below and you must send a copy to the smaller authority. The notice must include:

- confirmation that you are an elector in the smaller authority's area;
- why you are objecting to the accounts and the facts on which you rely;
- details of any item in the accounts that you think is unlawful; and
- details of any matter about which you think the external auditor should make a public interest report.

Other than it must be in writing, there is no set format for objecting. You can only ask the external auditor to act within the powers available under the Local Audit and Accountability Act 2014.

A final word

You may not use this 'right to object' to make a personal complaint or claim against your smaller authority. You should take such complaints to your local Citizens' Advice Bureau, local Law Centre or to your solicitor. Smaller authorities, and so local taxpayers, meet the costs of dealing with questions and objections. In deciding whether to take your objection forward, one of a series of factors the auditor must take into account is the cost that will be involved, they will only continue with the objection if it is in the public interest to do so. They may also decide not to consider an objection if they think that it is frivolous or vexatious, or if it repeats an objection already considered. If you appeal to the courts against an auditor's decision not to apply to the courts for a declaration that an item of account is unlawful, you will have to pay for the action yourself.

For more detailed guidance on public rights and the special powers of auditors, copies of the publication Local authority accounts: A guide to your rights are available from the NAO website.	If you wish to contact your authority's appointed external auditor please write to the address in paragraph 4 of the *Notice of Public Rights and Publication of Unaudited Annual Governance & Accountability Return.*