

# Claire Connell MA, ACA, CTA

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The Councillors  
Earley Town Council  
Council Offices  
Radstock Lane  
Earley  
Reading RG6 5UL

7<sup>th</sup> June 2021

Dear Ladies and Gentlemen

## **Internal audit – year ended 31<sup>st</sup> March 2021**

Further to my post year-end work, I am pleased to report that I have now completed my internal audit review. My internal audit was based on the guidelines included in the JPAG Governance & Accountability for Smaller Authorities: A Practitioners' Guide to Proper Practices.

I am satisfied with the figures that will be disclosed on the Annual Governance & Accountability Return (AGAR) and in the Annual Accounts. It should be noted that the external auditors will give their opinion on the figures disclosed in the AGAR and they do not see the Annual Accounts.

I have detailed below additional matters which need to be disclosed to you relating to the 2020-21 audit. Appendix 1 to this letter provides a summary of internal audit findings this year.

### **Overall conclusion**

In 2019-20 an accountant with experience in the sector was used on a consultancy basis to support the finance function within the Council and to assist with the year end. His services have not been required in 2020-21 and the Senior Operations Support Officer was able to carry out the year end tasks with practical software support from the financial software company. This further demonstrates the progress made within the Council in strengthening its financial management.

At the time of my audit the risk register was still to be reviewed but I understand that an updated version will be taken to the June Council meeting.

### **Intermediate audit requirements for the external auditors**

All Councils are required to submit the following documents to the external auditors:

- AGAR
- Bank reconciliation as at 31<sup>st</sup> March 2021
- Reconciliation between the reserves carried forward and cash held as at 31<sup>st</sup> March 2021
- Explanation of any variances >15% in the figures disclosed on the AGAR

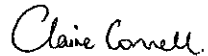
As the Council's income and expenditure exceed £200,000, the Council falls into the intermediate audit regime. In addition to requesting the documents listed above, the external auditors test compliance with the assertions made in Section 1 of the AGAR on a cyclical basis. This year they have asked for evidence to show that the Town Council is registered with HMRC for PAYE purposes.

**Signing of the audit report**

The external auditors have commented in previous years that "sufficient internal audit work needs to be completed and reported before the Members approve the Annual Governance Statement". This letter should therefore enable the Council to approve the Annual Return in the knowledge that the internal audit for the year is complete.

As in previous years, I will wait until the Members have approved the Return, and assuming that the figures on the Return are as agreed during my visit and the Governance Statement is approved, I will then sign my section of the Return, giving an **unqualified report**.

Yours faithfully



Claire Connell

### Appendix 1: Summary of internal audit findings in 2020-21

Annual Internal Audit Report Section	Comments
A. Appropriate accounting records have been properly kept throughout the year	ETC uses an accounting package which is specifically designed for parish and town councils. There is a linked Bookings package for invoicing hall and pitch hire.
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for	Testing and review of systems shows that expenditure is properly incurred, payments approved and VAT generally appropriately accounted for.  No large contracts were entered into during the year.
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	Minutes, Standing Orders, Financial Regulations, insurance cover and the Risk Register indicate that there are proper risk assessment and management procedures.  The Standing Orders remain in need of review - other matters have understandably taken priority this year.
D. The precept resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	Agreed.
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	There were no significant issues regarding income.
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	Amounts paid out of petty cash were few in number and low in value.
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	The payroll is run by an external payroll company.  One error was identified at the interim audit which was corrected during the year.
H. Asset and investments registers were complete and accurate and properly maintained.	An adequate fixed assets register is maintained in Excel. There has been no movement in the assets this year.
I. Periodic and year-end bank reconciliations properly carried out	Yes, these are reviewed by the Town Clerk and the Leader.
J. Accounting statements prepared during the year were prepared on the correct accounting basis, agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	These assertions have been met.
K. IF the authority certified itself as exempt from a limited assurance review in 2019/20, it met the exemption criteria and	Not covered – the Council had a limited assurance review of its 2019/20 AGAR

correctly declared itself exempt. ( <i>“Not Covered” should only be ticked where the authority had a limited assurance review of its 2019/20 AGAR</i> )	
L. If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/ webpage up to date at the time of the internal audit in accordance with the Transparency code for smaller authorities.	Not applicable – the annual turnover exceeded £25,000.
M. During summer 2019 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations.	Yes
N. The authority has complied with the publication requirements for 2019/20 AGAR ( <i>see AGAR Page 1 Guidance Notes</i> ).	Yes
O. The Council met its responsibilities as a trustee	Not applicable

# Annual Internal Audit Report 2020/21

Earley Town Council

www.earley-tc.gov.uk

During the financial year ended 31 March 2021, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2020/21 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.			
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.			
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.			
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.			
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.			
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.			
H. Asset and investments registers were complete and accurate and properly maintained.			
I. Periodic bank account reconciliations were properly carried out during the year.			
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, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.			
K. If the authority certified itself as exempt from a limited assurance review in 2019/20, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2019/20 AGAR tick "not covered")			
L. If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/webpage up to date at the time of the internal audit in accordance with the Transparency code for smaller authorities.			
M. The authority, during the previous year (2019-20) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).			
N. The authority has complied with the publication requirements for 2019/20 AGAR (see AGAR Page 1 Guidance Notes).			
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken: 08/12/2020 22/03/2021 27/05/2021  
Name of person who carried out the internal audit: CLAIRE CONNELL

Signature of person who carried out the internal audit: \_\_\_\_\_ Date: \_\_\_\_\_

\*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).  
\*\*Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

