

# Claire Connell MA, ACA, CTA

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Mrs J Friend  
Earley Town Council  
Council Offices  
Radstock Lane  
Earley  
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4<sup>th</sup> February 2022

Dear Jo

## **Internal audit for the year ended 31<sup>st</sup> March 2022 – interim report**

Local councils are required to have an internal audit of their accounting records and their system of internal control by Regulation 5 of the Accounts and Audit Regulations 2015. I have made interim visits during the year in November, December and January.

I will also visit after the year end to review the final accounting statements and risk management.

My internal audit testing was based on the guidelines included in the JPAG Governance & Accountability for Smaller Authorities: A Practitioners' Guide to Proper Practices. Initial discussions were held regarding the internal controls in place and a series of tests using the financial records, vouchers, minutes, previous audit reports etc were conducted to establish the effectiveness of these controls.

## **General Comments**

Overall, I have found that the accounts continue to be well maintained and the controls operate well.

Specific comments below are in the order of the headings in section 1 of the Annual Return. There are no significant matters that I need to draw to your attention.

## **Detailed report**

As part of the testing I checked:

- A. Appropriate accounting records have been properly kept throughout the year**
- The accounts have been maintained in RBS Omega which is accounting software specifically designed for the parish and town council sector. The accounts are kept up-to-date and are accurate.
  - Hall bookings and pitch bookings have been recorded in the RBS Bookings software which interfaces with the main accounting package.
  - The Burials are recorded in bespoke software and invoices raised in Omega. Allotment invoices are raised in Omega, with information kept in a spreadsheet.
- B. Council complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for**
- A sample of payment invoices was checked to ensure that they had been approved, correctly paid and VAT treated correctly.

- The payment of grants was checked against grants award in the minutes.

**C. Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these**

- Standing Orders and Financial Regulations were reviewed. The Financial Regulations were updated during the year using model templates.
- The Standing Orders remain in need of updating as the latest revision was carried out in 2014. I understand that it is intended for this update to be carried out before the year end.
- The annual risk assessment and insurance will be reviewed at the final visit.

**D. The Precept resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.**

- The reporting of financial results and monitoring of actual against budget was reviewed. Reports were available at 30<sup>th</sup> June and 30<sup>th</sup> September. The budget spreadsheets contained further up-to-date information.
- The budget setting process for 2022-23 was underway during my autumn visits. Comprehensive spreadsheets had been used, which had been updated this year, and a budget working party had met several times to review the proposed budget. The process appeared thorough and included consideration of levels of reserves that the Council needs.

**Observations:**

- Final out-turn against budget will be reviewed at the final visit.

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

- The precept was agreed to Council minutes and bank statements.
- The rental income was reviewed against leases and other correspondence
- Test checks were made for:
  - hall booking income
  - allotment income
  - burial income
  - fishing permits
  - pitch bookings
- CIL income was agreed to WBC notifications and CIL monitoring reports have been published on the website as required.
- The quarterly VAT returns were reviewed. A partial exemption calculation is prepared on a quarterly basis with an annual review, as required.

**F. Petty Cash expenditure supported by receipts, approved and VAT appropriately accounted for**

- Amounts being paid out of petty cash are small in number and value and are supported by receipts and petty cash vouchers.

**G. Payroll Salaries to employees were paid in accordance with this authority's approvals and PAYE/NI requirements were properly applied**

- The payroll has been outsourced to a payroll company.
- Deductions were correctly made and paid on time.

**Observations:**


- During my autumn visits I noted that the employers' pension contributions were being calculated at the rate for the previous year rather than the rate for the current year. This was notified to Berkshire Pensions prior to my January visit and the matter was

in the process of being rectified. Berkshire Pensions have admitted that they had put the incorrect rate on the return form.

- H. **Fixed assets and investments registers were complete, accurate and properly maintained**
  - The fixed assets register will be reviewed after the year end.
- I. **Periodic and year-end bank reconciliations properly carried out**
  - Monthly bank reconciliations are prepared for the main account, the business account and for the imprest account. These are reviewed by the Town Clerk and the Chair of the Policy & Resources Committee.
- J. **Year end Accounts**
  - These will be reviewed at my visit in May or June 2022.
- K. **Correct declaration of exemption from limited assurance review in 2020/21**
  - Not applicable – the Council was subject to a limited assurance review in 2020/21.
- L. **If the authority has an annual turnover not exceeding £25,000, it publishes information on a website in accordance with the Transparency Code**
  - Not applicable – the Council has a turnover which exceeds £25,000.
- M. **During summer 2021 this authority has correctly provided the proper opportunity for the exercise of public rights**
  - The Council provided the opportunity for the exercise of public rights for the correct number of days within the correct timeframe.
- N. **The authority has complied with the publication requirements for 2020/21 AGAR (as per AGAR Page 1 Guidance Notes)**
  - The Council published the notice of conclusion of audit and section 3 of the AGAR on the website before 30th September as required.
- O. **The council met its responsibilities as a trustee of trust funds**
  - Not applicable – the Council is not a trustee of any trust funds

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I trust that these comments are self-explanatory, but please do not hesitate to contact me if councillors would like further details. I should like to thank the Council staff for their assistance during my visit.

Yours sincerely



Claire Connell