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

6th June 2022

Dear Ladies and Gentlemen

Internal audit – year ended 31st March 2022

Further to my post year-end visit, 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 ("The Practitioners' Guide"). I attach a summary of my findings in Appendix 1 which includes those reported in my interim visit.

There are no matters that I need to draw to your attention.

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 2021-22

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. Updated Standing Orders were approved in May 2022. I understand that an updated Risk Register will be taken to the June 2022 Council meeting.
D. The precept resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	The budget was set in February 2022 and is calculated using detailed spreadsheets which incorporate reserve movements. All Councillors are invited to budget working party meetings. I understand that the format of regular financial reporting to Council is due to be reviewed in the current year.
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 issue was identified at the interim audit which was rectified during the year. Backpay was paid in March 2022 following the late notification of the nationally agreed increases to salary scales.
H. Asset and investments registers were complete and accurate and properly maintained.	An adequate fixed assets register is maintained in Excel. There have been small movements 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 Chair of the Policy & Resources Committee.
	/continued overleaf

<p>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.</p>	<p>These assertions have been met.</p>
<p>K. If the authority certified itself as exempt from a limited assurance review in 2020/21, it met the exemption criteria and correctly declared itself exempt. (<i>“Not Covered” should only be ticked where the authority had a limited assurance review of its 2020/21 AGAR</i>)</p>	<p>Not covered – the Council had a limited assurance review of its 2020/21 AGAR</p>
<p>L. The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements.</p>	<p>Not applicable – The Practitioners’ Guide states that this test is only applicable to those Councils covered by the £25,000 External Audit exemption.</p>
<p>M. During summer 2021 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.</p>	<p>Yes, proper opportunity was provided.</p>
<p>N. The authority has complied with the publication requirements for 2020/21 AGAR (<i>see AGAR Page 1 Guidance Notes</i>).</p>	<p>Yes, the correct documents were published before the relevant deadlines.</p>
<p>O. The Council met its responsibilities as a trustee</p>	<p>Not applicable</p>