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Mrs J Friend
Earley Town Council
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23rd March 2021

Dear Jo

Internal audit for the year ended 31st March 2021 – 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 two interim visits during the year in December and March.

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, despite the challenges of the pandemic. As the Council offices have remained open throughout the pandemic, fewer adjustments to procedures resulting from the pandemic have been required than at other town councils.

A new member of staff joined the finance team at the start of the year thus further strengthening the financial operations of the Council which had already benefited from the improved software and established financial processes which had been introduced in the previous year.

Specific comments below are in the order of the headings in section 1 of the Annual Return.

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 contract for the improvements at Sol Joel was reviewed to ensure that proper procedures had been followed.
 - 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 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 30th June and 30th September. The budget spreadsheets contained further up-to-date information.
 - The budget setting process for 2021-22 was complete during my March visit. Comprehensive spreadsheets had been used 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. The VAT return is filed quarterly and the council is now submitting returns under the Making Tax Digital regime. A partial exemption calculation is prepared on a quarterly basis with an annual review, as required.

Observations:

- The first CIL receipt was received in October 2016 and this must be spent by October 2021, otherwise Wokingham Borough can claim it back. As you are aware, this money can only be spent on infrastructure projects or on anything which is concerned with addressing the demands that development places on an area.

- 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.
 - Due to the late agreement of the national pay award, back pay was paid during the year. This was initially incorrectly treated for pension purposes but this was corrected after my first visit.
 - Other deductions were correctly made and paid on time.
- 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 Leader.
- J. Year end Accounts**
- These will be reviewed at my visit in May or June 2021.
- K. Correct declaration of exemption from limited assurance review in 2019/20**
- Not applicable – the Council was subject to a limited assurance review in 2019/20.
- 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 2020 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 (i.e. commencing on or before 1st September) and this was advertised correctly on the website.
- N. The authority has complied with the publication requirements for 2019/20 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 November 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

 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

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