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Mrs J Friend
Earley Town Council
Council Offices
Radstock Lane
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24th February 2023

Dear Jo

Internal audit for the year ended 31st March 2023 – 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 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 or concerns 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. No problems arose.

- No large contracts have been entered into which have required the use of tenders. The purchase of the new bus shelters was reviewed - three quotations for bus shelters were obtained in accordance with the Financial Regulations.
- The payment of grants was checked against grants award in the minutes.
- VAT coding of purchase invoices was reviewed with the Finance Officer and as a result the coding of a small number of items has been adjusted, which has resulted in more VAT being reclaimable.

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 readopted in July 2022 and revised Standing Orders were adopted in May 2022.
- 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. Financial updates are provided at the Policy & Resources meetings (and are emailed to all councilors). The budget spreadsheets also contained up-to-date information showing income/expenditure to date against budget.
- The budget setting process for 2023-24 was underway during my autumn visits. Comprehensive spreadsheets had been used, which once again had been updated this year, and a budget working party had met once 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

No issues arose during the testing of income other than one isolated error in the hall income where an incorrect rate was charged. Tests included:

- 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 is outsourced to a payroll company.
 - A sample of employees were selected and their rates of pay and backpay payments checked. Deductions for tax, National Insurance and pension were also checked.
- Observations:**
- My review of payroll identified the fact that the payroll company had not correctly calculated the backpay adjustment required to employers' pension contributions for the employees who have been in receipt of maternity pay during the year. I understand this has subsequently been corrected. No other issues were noted during the review of payroll.
- 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 by the Finance Officer. 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 2023.
- K. Correct declaration of exemption from limited assurance review in 2021/22**
- Not applicable – the Council was subject to a limited assurance review in 2021/22.
- L. If the authority has an annual turnover not exceeding £25,000, it publishes information on a website in accordance with the Transparency Code**
- This test is not applicable as the Council has a turnover which exceeds £25,000.
 - Although this test is not relevant for Earley Town Council, it should be noted that it is considered best practice for councils with a turnover exceeding £25,000 to comply with the Transparency Code 2015. As a result, Earley Town Council provides listings of payments over £500 on its website.
- M. During summer 2022 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 and this was advertised appropriately.
- N. The authority has complied with the publication requirements for 2021/22 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

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

A handwritten signature in cursive script that reads "Claire Connell". The signature is written in black ink on a white background.

Claire Connell