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Mrs L Hannawin
Stratfield Mortimer Parish Council
Parish Council Office
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4th November 2022

Dear Lynn

Internal audit for the year ended 31st 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. During my visit in October 2021 I reviewed the financial systems and controls for the year to date.

A further visit will be required after the year end to review the final accounts.

My internal audit testing was based on the guidelines included in the updated NALC Governance & Accountability Practitioners Guide. A series of tests using the financial records, vouchers, minutes, previous audit reports etc were conducted to establish the effectiveness of these controls.

Overall conclusion

Generally, the financial records are well maintained and appear complete and fit for purpose. The control systems and procedures appear efficient and effective.

Detailed report (structured around the questions in the Annual Internal Audit Report section of the Annual Governance & Accountability Return)

As part of the testing I checked:

A. Appropriate accounting records kept throughout the year

The accounts are maintained on RBS Alpha and are kept up-to-date.

B. This authority complied with its financial regulations, payments were supported by invoices, expenditure was approved and VAT appropriately accounted for

- A sample of payment invoices was checked to ensure that they had been approved, correctly paid and VAT treated correctly. No errors were found.
- The vast majority of payments are currently made by cheque with a few standing orders and direct debits. The Council is planning to move to online banking shortly. Unity Trust offers good controls over online payments.
- The Council has a credit card facility with a card limit of £3,000. This is paid by direct debit each month in accordance with the requirements of Governance & Accountability.
- An internal Financial Control check is carried out quarterly.

- C. This authority 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 and the Standing Orders were both updated in March 2021.
 - Council minutes were scrutinised.
 - The review of Insurance cover and the risk assessment process will be checked at the final visit
- D. The Precept resulted from an adequate budgetary process and suitable financial monitoring**
- The reporting of financial results and monitoring of actual against budget was reviewed. The reports are produced in Excel on a monthly basis and are taken to Council on a monthly basis. Council are also provided with reports directly taken from the RBS accounting package.
 - The budget setting process for 2022-23 was in the very early stages when I visited. I have no concerns regarding this process as it has always been thorough in previous years.
 - Final out-turn against budget will be reviewed at the final visit.
- E. Expected income was received, recorded and banked; VAT appropriately accounted for**
- The precept was agreed to Council minutes and bank statements
 - Income relating to burials and memorials was reviewed. No problems were identified.
 - Income from the tennis courts and fairground was reviewed. No problems were identified.
 - VAT returns were reviewed.
- F. Petty Cash expenditure supported**
- There is no petty cash float at Stratfield Mortimer Parish Council.
- G. Payroll properly prepared, authorised and PAYE/NI requirements fulfilled**
- Payroll has been prepared using The Payroll Site and there have been no problems with its operation.
 - Rates of pay and deductions of PAYE/NIC/Pension were checked.
- H. Fixed assets register properly reflects the Council's assets**
- The fixed assets will be reviewed after the year end.
- I. Periodic and year-end bank reconciliations properly carried out**
- Bank reconciliations are prepared monthly and are reviewed on a quarterly basis by a councillor who signs the statements and reconciliations.
- 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 turnover is less than £25,000 the Council complies with the Transparency Code for smaller authorities**
- Not applicable – the Council's turnover exceeds £25,000.

- M. During summer 2021 this authority has correctly provided the proper opportunity for the exercise of public rights**
- Yes, the exercise was carried out for the correct length of time and was properly advertised on the website.
- N. The authority has complied with the publication requirements for the 2020/21 AGAR**
- Yes, the correct documents were published on the website prior to the external audit and after the external audit report had been received.
- O. The council met its responsibilities as a trustee of trust funds**
- Not applicable – the Council is not a trustee of any trust funds

Review of previous audit report

There are no outstanding matters from previous audit reports.

I trust that these comments are self-explanatory, but please do not hesitate to contact me if councillors would like further details.

Kind regards

Yours sincerely



Claire Connell