

# Claire Connell MA, ACA, CTA

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Mrs L Hannawin  
Stratfield Mortimer Parish Council  
Parish Council Office  
27 Victoria Road  
Mortimer  
Reading RG7 3SH

31<sup>st</sup> October 2022

Dear Lynn

## **Internal audit for the year ended 31<sup>st</sup> 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. During my visit in October 2022 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.

### **Recommendations**

At the time of my visit, the internal financial control quarterly review had not been updated to include checks on payments made electronically rather than by cheque. I suggest that a proportionate test be added to the review process to cover this area.

One payment for a burial was paid at the previous year's rate. As this issue has also arisen in previous years, I recommend that proactive steps be taken to try to prevent this happening in future years.

### **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 online banking.
  - 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**
- The Standing Orders were updated in September 2022 and the Financial Regulations are being reviewed.
  - Council minutes were scrutinised.
  - The review of Insurance cover and the risk assessment process will be checked at the final visit.
  - I understand that the Council is planning to adopt an investment strategy, as required by The Statutory Guidance on Local Government Investments.
- 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. Monthly reports are provided to Council including a month-by-month summary produced in Excel and two reports directly taken from the RBS accounting package.
  - The budget setting process for 2023-24 was in the 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.
  - Income from the tennis courts and fairground was reviewed. No problems were identified.
  - Income from the Jubilee weekend events was reviewed. Advice had been sought from HALC regarding the VAT treatment of the income.
  - VAT returns were reviewed.
- Observation
- Income for one burial, which was took place in July, was received at the 21-22 rate rather than at the 22-23 rate. All other burial income was at the correct rate for the year.
- 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 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 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 2022 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 2021/22 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.

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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.

Kind regards

Yours sincerely



Claire Connell