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Mrs L Hannawin
Stratfield Mortimer Parish Council
Parish Council Office
27 Victoria Road
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27th October 2023

Dear Lynn

Internal audit for the year ended 31st March 2024 – 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 2023 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.

There were some errors found during the testing of tennis income but otherwise no issues arose during the audit. Changes have now been made to the ClubSpark system so tennis income will be correct henceforth.

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 have been properly 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, 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 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.
- 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. 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 2024-25 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 fully received, based on correct prices, properly recorded and promptly banked; and VAT was 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.
 - VAT returns were reviewed.
- Observation
- At the time of my visit the website showed an incorrect charge for tennis income and ClubSpark was charging a different amount which was also incorrect. VAT had been accounted for on the tennis income from April to September although the rules regarding VAT on sports income have changed.
- During my visit the rates within ClubSpark were corrected and a correction to the VAT will be made in the next VAT return.
- F. Petty Cash expenditure supported**
- There is no petty cash float at Stratfield Mortimer Parish Council.
- 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**
- 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. Asset and investments registers were complete and accurate and properly maintained**
- 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.
- J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded**
- These will be reviewed at my visit in May or June 2024.

- K. Correct declaration of exemption from limited assurance review in 2022/23**
 - Not applicable – the Council was subject to a limited assurance review in 2022/23.

- L. The authority published the required information on a website up to date at the time of the internal audit in accordance with the relevant legislation**
 - This will be reviewed after the year end as recent discussions amongst members of the Internal Audit Forum have suggested that the wording of this assertion may change next year.

- M. The authority, during the previous year (2022/23) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations**
 - Yes, the exercise was carried out for the correct length of time (including the first 10 days in July) and it was properly advertised on the website.

- N. The authority has complied with the publication requirements for the 2022/23 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