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The Councillors

Stratfield Mortimer Parish Council

Parish Council Office

27 Victoria Road

Mortimer

Reading RG7 3SH

21st October 2025

Dear Ladies and Gentlemen

I am pleased to accept the appointment as your internal auditor. The purpose of this letter and the attached Standard Terms of Business is to set out the basis on which I am to act and to clarify our respective responsibilities.

I am bound by the ethical guidelines of the Institute of Chartered Accountants of England and Wales and accept instructions to act for you on the basis that I will act in accordance with those ethical guidelines.

1 Roles and responsibilities

- 1.1 The Council is responsible for maintaining adequate accounting and financial control functions. The responsibility for safeguarding the assets of the Council and for the prevention and detection of fraud, error and non-compliance with laws and regulations rests with the Council.
- 1.2 The Council is also responsible for preparing financial statements that have been prepared in accordance with current practices and guidance.
- 1.3 As internal auditor I am responsible for reviewing whether the systems of financial and other control are adequate and effective. I am required to complete the Internal Auditor's Report within the Annual Governance and Accountability Return. I will also provide a written report of the findings of the audit to the Council.

2 Internal audit

- 2.1 I will carry out the internal audit in accordance with the guidance provided in "Governance and Accountability for Local Councils: A Practitioners' Guide" (G&A). The audit will include such tests of transactions and of the existence, ownership and valuation of assets and liabilities as I consider necessary.
- 2.2 An internal audit plan will be drawn up in consultation with the responsible officers and with reference to the council's risk assessment. This plan will be based on the internal audit checklist as set out in section 4 of G&A and modified to reflect the activities of the Council. A preliminary plan is set out in Appendix 1.
- 2.3 The internal audit plan will ensure that the internal audit work covers the necessary areas so that the assurances to be given in the annual audit report can be made. It is not the purpose of internal audit to detect or prevent fraud.
- 2.4 You will make available all necessary books and records and will allow direct access to those charged with governance in order that the internal audit work can be carried out.
- 2.5 A timetable will be agreed to ensure that my annual report is available at the required time as part of the annual return process.

3 Period of engagement

3.1 This appointment will be renewable on an annual basis commencing with the year ended 31st March 2026. This letter remains effective until replaced.

4 Remuneration

4.1 The fee for the internal audit will be agreed each year in advance of the work commencing. For the year ended 31st March 2026 the fee will be £520. This covers the interim and final audit reports, completion of the internal audit report within the AGAR, and any routine conversations during the year.

5 Agreement of terms

5.1 The terms set out in this letter and my attached Standard Terms of Business (last revised August 2023) shall take effect immediately upon your countersigning this letter and returning it to me or upon the commencement of the internal audit for the accounting period ended 31st March 2026.

5.2 Once it has been agreed, this letter and the attached Standard Terms of Business (last revised August 2023) will remain effective until they are replaced. I shall be grateful if you could confirm your agreement to these terms by signing the enclosed copy of this letter and returning it to me immediately.

Yours faithfully,



Claire Connell

I confirm that I have read and understood the contents of this letter and the attached Standard Terms of Business (last revised August 2023) and agree that they accurately reflect the services that I have instructed you to provide.

Signed Dated

For and on behalf of Stratfield Mortimer Parish Council

Appendix 1- detailed audit testing

This is based on section 4 of G&A. The tests may need to be revised during the year if activities at the Council change significantly. Some tests may not be applicable to the Council.

Audit Area on AIAR	Tests to include
Appropriate books of account have been properly kept throughout the year.	<p>Ensure the correct roll forward of the prior year cashbook balances to the new financial year</p> <p>Check a sample of financial transactions in cashbooks to bank statements, etc: the sample size dependent on the size of the authority and nature of accounting records maintained</p>
This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	<p>Review standing orders and financial regulations</p> <p>Test checks of invoices</p> <p>Check items above de minimis amount are competitively purchased</p> <p>Review s137 spending if GPC not in place</p> <p>Review minutes for authorisations</p> <p>Review payment procedures and use of debit/ credit cards</p>
This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<p>Review minutes and risk assessments</p> <p>Review insurance cover</p> <p>Ensure play areas are monitored appropriately</p> <p>Review the effectiveness of internal control assessment carried out by the Council</p>
The precept resulted from an adequate budgetary process; progress against the budget was regularly monitored and reserves were appropriate.	<p>Review reports to council during the year</p> <p>Review minutes for evidence of council discussion and approval of the precept by the full Council</p> <p>Review earmarked reserves</p>
Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	<p>Test checks on income as applicable</p> <p>Review of debtors</p> <p>Review of VAT returns</p> <p>Review of CIL income and grant income</p>
Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for	<p>Check whether petty cash is used and/or cash floats held.</p> <p>Review systems in place for controlling cash and cash expenditure.</p>
Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	<p>Test calculations, rates of pay and authorisations</p> <p>Review contracts of employment</p> <p>Ensure deductions for PAYE, NIC and pension are appropriately made.</p> <p>Ensure members allowance are properly paid if appropriate</p>

<p>Asset and investment registers were complete and accurate and properly maintained.</p>	<p>Review asset register and ensure it is kept up to date</p> <p>Review insurance schedule and cashbook to ensure no significant items are omitted</p> <p>If applicable, ensure that any fixed asset investments are correctly treated</p> <p>Check the disclosure of any long-term loan repayments if appropriate</p>
<p>Periodic and year-end bank reconciliations were properly carried out.</p>	<p>Ensure that bank reconciliations are prepared routinely, are subject to independent scrutiny and sign-off by members.</p> <p>Review year end reconciliation in detail</p>
<p>Accounting statements prepared during the year were prepared on the correct accounting basis, agreed to the cashbook, supported by an adequate audit trail from underlying records and debtors and creditors were properly recorded.</p>	<p>Check correct basis used.</p> <p>Check statements agree with cashbook.</p> <p>Test audit trail</p>
<p>The authority publishes information on a free to access website / web page, up to date at the time of the internal audit in accordance with the relevant legislation</p>	<p>Check the website to ensure that all required documentation is published in accordance with the required legislation.</p>
<p>The authority, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations</p>	<p>Review the Public Notice from the previous year and ensure that it was published on the website in advance of the period commencing and that it covered 30 working days including the first 10 working days of July</p>
<p>The authority complied with the publication requirements for the prior year AGAR</p>	<p>Check that the statutory disclosure / publication requirements in relation to the prior year's AGAR have been met as detailed on the front page of the current year's AGAR</p>
<p>Trust funds – responsibilities as a trustee met</p>	<p>Confirm that the filing of documents with the Charity Commission is up to date</p> <p>Confirm that the Charity meetings and accounts are recorded separately from those of the Council</p>
<p>Assertion 10 – digital and data compliance</p>	<p>Ensure the Council has a generic email account hosted on an authority owned domain.</p> <p>Ensure the website meets legal requirements including Web Content Accessibility Guidelines 2.2AA</p> <p>Check awareness of GDPR</p> <p>Is there an IT policy in place?</p>