Claire Connell MA, ACA, CTA

Chartered Accountant and Chartered Tax Adviser

86 Silverdale Road
Earley
Reading RG6 7LT
Tel: 0118 966 9706
Email: accounts@claireconnell.co.uk

The Councillors
c/o Miss D Davis
Stratfield Mortimer Parish Council
Parish Council Office
27 Victoria Road
Mortimer
Reading RG7 3SH

8th November 2026

Dear Ladies and Gentlemen

Draft

Internal audit for the year ended 31st March 2027 – 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 2026 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. The testing is designed to ensure that the assurances to be given in the annual internal audit report can be made. 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. A minor error was found in the payment of backpay and this will be corrected in the next pay-run.

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 kept up-to-date.

B This authority complied with its financial regulations, payments were supported by invoices, all 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 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 by a Parish Counsellor.
- The procedures in place for the procurement of high value items and services were reviewed. The requirement for competitive tendering for Phase C of the cycleway was waived and this was correctly minuted.

C This authority assessed the significant risks to achieving its objectives & reviewed the adequacy of arrangements to manage these

- The Standing Orders and Financial Regulations were reviewed. The Standing Orders had a minor update in June 2026 and the Financial Regulations had a minor update in May 2026.
- Council minutes were scrutinised.

***Observations and outstanding audit work*:**

- ➢ It would be good practice to include a list of agreed fees and charges as an appendix to the minutes when the annual review of fees and charges takes place.
- ➢ Insurance cover and risk assessment 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. 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 2027-28 was in progress at the time of my visit. The process appears thorough.

***Outstanding audit work*:**

- ➢ 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 appropriately accounted for

The following areas were checked:

- The precept was agreed to Council minutes and bank statements
- Income relating to burials and memorials was reviewed.
- Income relating to the tennis courts was reviewed.
- Quarterly VAT returns were reviewed.

- ➢ No issues arose during the checks and reviews.

F Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for

- No petty cash is held.

G Salaries to employees and allowances to members were paid in accordance with the authority's approvals and PAYE/NI requirements were properly applied

- Payroll is prepared in-house using online software.
- A sample of employees were selected and their rates of pay checked. Deductions for tax, national insurance and pension were also checked.

Draft

***Observations*:**

- Generally the payroll operates smoothly.
- Pension deductions were not made on back-pay this year. This will be amended in a subsequent pay-run.

H Asset and investments registers were complete, accurate and properly maintained

- The fixed asset register will be reviewed after the year end.

I Periodic bank reconciliations properly carried out during the year

- Bank reconciliations are prepared on a monthly basis and are reviewed on a quarterly basis by a councillor.

J Accounting statements prepared during the year were prepared on the correct accounting basis (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 April or May 2027.

K If the authority certified itself as exempt from a limited assurance review in 2025/26 It met the exemption criteria and correctly declared itself exempt

- Not applicable – the Council was subject to a limited assurance review in 2025/26.

L The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation

- The Council provides the AGARs for the past five years on its website in accordance with the Accounts and Audit Regulations 2015.
- In addition, the Council provides Transparency data in accordance with the Transparency Code 2015.

M The authority, during the previous year (2025/26) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations

- The exercise was advertised on the website in advance of the period commencing using the correct notice.
- The exercise was carried out for the correct number of days and included the first 10 working days of July as required.

N The authority has complied with the publication requirements for the 2025/26 AGAR

- The correct documents were published in advance of the relevant deadlines.

O The authority has complied with laws, regulations & proper practices relating to digital and data compliance

- The Council has adopted a Data Protection and IT policy last year.
- The website contains an accessibility statement and a privacy statement.
- The continued use of a third party consultant to undertake data audits demonstrates the Council's desire to ensure compliance with laws, regulations and proper practices relating to digital and data compliance.

Draft

***Observations*:**

- During the audit visit I discussed the need for Councillors as well as Officers to undertake GDPR training. I understand that the Clerk has taken steps to ensure this will happen before the end of the financial year.

P The council met its responsibilities as a trustee of trust funds

- Not applicable - The Council is not a trustee for any charities.

****

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 Danielle and Sallyann for their assistance during the audit.

Yours faithfully

Claire Connell

Draft