

Mrs Jane Biscombe
Town Clerk
Yateley Town Council
Council Offices
Reading Road
Yateley
Hants RG46 7RP

20th March 2018

22 MAR 2018

Dear Jane

Internal audit for the year ended 31st March 2018 – 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 visits in March 2018 I reviewed the financial systems and controls for the year to date.

My internal audit testing was based on the guidelines included in the latest JPAG Governance & Accountability Practitioners Guide. An initial discussion with your staff established that the internal controls had not changed during the year and a series of tests using the financial records, vouchers, minutes, previous audit reports etc were conducted to establish the effectiveness of these controls.

A final visit will be made in May 2018 in order to agree the Annual Return and associated accounts.

General Comments

The results of my testing together with conversations with Council Staff indicate that the Council is well run and care is taken to ensure that appropriate internal controls are in place and functioning correctly. Generally, the financial records are well maintained and appear complete and fit for purpose.

Specific comments below are in the order of the headings in section 1 of the Annual Return. There are no significant matters that I need to draw to your attention.

Detailed report

1 Appropriate books of account kept throughout the year

- The accounts are maintained on Omega and kept up-to-date. Paper diaries are maintained for hall bookings and Excel spreadsheets used for cemetery and allotment records. Edge software has been implemented for cemetery records.
- An accountant, with much experience in the local council sector, visits on a monthly basis to help oversee the financial management process.

2 Expenditure is properly incurred, payments 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.
- Large payments were reviewed to ensure that procurement procedures had been properly followed. No contracts awarded during the year had required a formal tender process and multiple quotations had been obtained for each contract.
- The approval of grants was checked.

Observations:

- The grounds maintenance contract has been extended for a year to give the council more time to ensure that the tendering process properly follows OJEU practices. Money has been included in the 18/19 budget for the use of consultants to help manage the process.

3 Council has proper risk assessment & management procedures

- The Standing Orders and Financial Regulations were reviewed. Both documents are based on model templates adapted to suit practices at Yateley.
- Council minutes were scrutinised
- Insurance cover: the Council have a long term agreement with Zurich until 1/4/19.

Observations:

- The annual risk assessment will be reviewed at the final visit.

4 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. This is overseen by the Accountant and reported to Members on a bi-monthly basis.
- The budget setting process for 2018-19 had been completed at the time of my visit and appeared thorough. The precept was determined by the budget.
- Final out-turn against budget will be reviewed at the final visit.

5 Expected income was received, recorded and banked; VAT appropriately accounted for

- The precept was agreed to Council minutes and bank statements
- Test checks were made for hall booking income.
- Test checks were made for allotment, football and burial income
- The VAT returns were reviewed.

Observations:

- Pitch bookings were invoiced at the previous year's rate. The difference in price is very small but care must be taken each year to ensure that the invoicing software is updated for any price increases. Other income was charged at the correct rate.

6 Petty Cash expenditure supported and float controlled

- Petty cash transactions are low in number and value. Test checks did not identify any problems.

7 Payroll properly prepared, authorised and PAYE/NI requirements fulfilled

- Payroll has been prepared in house using EARNIE.
- The pay for one month was traced to relevant timesheets, overtime log and expense claims and the calculation of deductions checked.
- Overtime is reported to the Personnel Committee.

Observations:

- Car allowances have been incorrectly treated for pension purposes. This will be amended henceforth.

8 Fixed assets register properly reflects the Council's assets

- The fixed assets will be reviewed after the year end once the fixed asset register has been updated.

9 Periodic and year-end bank reconciliations properly carried out

- Bank reconciliations are prepared monthly and reviewed by the Accountant.

Observations:

- Governance & Accountability places emphasis on the need for strong internal controls in respect of the bank reconciliation process and recommends that they should be reviewed by members of the authority. Hitherto the bank reconciliations have simply been prepared on a monthly basis and reviewed monthly by the Accountant.

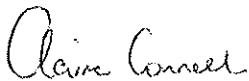
During my visit we discussed these recommendations and it was suggested that in order to increase the controls in this area, the chair of the Finance Committee would approve the reconciliations on a bi-monthly cycle in line with the production of management account. All Councillors will continue to see to see the bank reconciliation as part of the year end process.

Review of previous audit report

There are no outstanding issues 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. I should like to thank the Council staff for their assistance during my visit.

Yours sincerely



Claire Connell