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Mrs Jane Biscombe
Town Clerk
Yateley Town Council
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9th March 2017

Dear Jane

Internal audit for the year ended 31st March 2017 – 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 February 2017 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 2017 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 4 of the Annual Return. There are no significant matters that I need to draw to your attention.

Detailed report

As part of the testing I checked:

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. New software has been purchased 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.
- The approval of grants was checked.

3 Council has proper risk assessment & management procedures

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

Observations:

- A few further minor changes are needed to the Financial Regulations in order to ensure that they reflect current practices at Yateley.
- 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 2017-18 had been completed at the time of my visit and appeared thorough.
- 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.

6 Petty Cash expenditure supported and float controlled

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

Observations:

- Petty cash is regularly topped up using cash receipts taken from tennis income or from the sales ledger banking due to difficulties in cashing cheques. This is a problem faced by many local councils and I suggest that the financial regulations should be amended to permit this practical solution.

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.
- The Council have complied with their pension auto-enrolment obligations.

Observations:

- This year mileage has been paid via the payroll and additional amounts paid above the tax-free limit have been taxed correctly. One employee had claimed mileage at an incorrect rate and the extra mileage due to them will be paid in the next pay-run.
- If any mileage is paid to recompense staff for additional journeys to the office then this must be fully taxed as it is considered to be ordinary commuting.
- The new overtime log is a helpful addition to the payroll records showing clearly overtime earned and when it is paid or taken as time in lieu.

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. They are approved at Finance & General Purpose Committee on a bi-monthly basis.

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