

# Claire Connell MA, ACA, CTA

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The Town Councillors  
Yateley Town Council  
Council Offices  
Reading Road  
Yateley  
Hants RG46 7RP

2<sup>nd</sup> March 2020

Dear Ladies and Gentlemen

## **Internal audit for the year ended 31<sup>st</sup> March 2020 – 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 2020 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. Discussions 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 2020 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**

#### **A. Appropriate books of account have been properly 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 are used for 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.

#### ***Observations:***

- I understand that the Council is considering using a Bookings package that will interface with the main accounting package. This would improve the efficiency of the bookings system.

**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.
- Large payments were reviewed to ensure that procurement procedures had been properly followed. The tender for the refurbishment of the Monteagle Centre was published on Contracts Finder as required. Multiple quotations were obtained for smaller contracts awarded during the year.
- The approval of grants was checked.

**Observations:**

- The payments schedule presented to Council and committee meetings for approval is now generated from the accounting package. Certain cashbook payments still have to be listed manually but the Clerk has a system to ensure that these are not missed.
- Cashbook payments such as the payments relating to payroll haven't been signed by Councillors in recent months to indicate that they have been checked against the bank statements. This will be rectified.
- During the audit I discussed with the clerk the option of changing the internal controls regarding payments by introducing dual authority into the actual payment process with the bank. This would add another layer of control.

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

- The Standing Orders and Financial Regulations were reviewed. Both documents were updated in June 2019..
- The Investment Strategy was reviewed.
- Council minutes were scrutinised
- Insurance cover: the Council has entered into a new long term agreement with Hiscox using an insurance broker with experience in the parish and town council sector.

**Observations:**

- The annual 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. This is currently overseen by the Accountant and reported to Members on a bi-monthly basis.
- The budget setting process for 2020-21 had been completed at the time of my visit and appeared thorough. The budget process included a review of reserves.
- 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
- Test checks were made for hall booking income.
- Test checks were made for allotment, football and burial income
- The market receipts were reviewed.
- The VAT returns were reviewed.

**F. Petty Cash expenditure supported and float controlled**

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

**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 in house using EARNIE.
- The pay for one month was traced to relevant timesheets and expense claims and the calculation of deductions checked.
- Overtime and a summary of expense claims are reported to the Personnel Committee.

**H. Asset and investments registers were complete and accurate and properly maintained**

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

**I. Periodic and year-end bank reconciliations properly carried out**

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

**Observations:**

- I could not see any evidence that the Chair of the Finance Committee had reviewed the bank reconciliations in this financial year. This control is recommended in Governance & Accountability in paragraph 5.25.

**J. Correct declaration of exemption from limited assurance review in 2018/19**

- Not applicable – the Council was subject to a limited assurance review in 2018/19.

**K. During summer 2019 this authority has correctly provided the proper opportunity for the exercise of public rights**

- The Council did provide the proper opportunity for the exercise of public rights including the publication of the relevant documents on the website.

**L. The council met its responsibilities as a trustee of trust funds**

- Not applicable – the Council is not a trustee of any trust funds

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I trust that these comments are self-explanatory, but please do not hesitate to contact me if you would like further details. I should like to thank the Council staff for their assistance during my visit.

Yours faithfully



Claire Connell