

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 Mrs E Tims
Clerk to Barkham Parish Council
Arborfield Green Community Centre
Sheerlands Road
Arborfield RG2 9ND

7th May 2019

Dear Ladies and Gentlemen

Internal audit for the year ended 31st March 2019

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 April 2019 I reviewed the financial systems and controls for the year to date, together with the financial statements and annual return.

My internal audit testing was based on the guidelines included in the revised NALC Governance & Accountability Practitioners Guide (G&A). My initial discussions with Ellen confirmed the internal controls in place and 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.

As in previous years the Council will need to minute a risk assessment review when it approves its statement of assurance on the Annual Governance & Accountability Return (AGAR).

Provided that the Council's responses to the questions in the assurance statement are affirmative and that the risk assessment review is minuted, my internal audit report will be unqualified. I should be grateful if Ellen would contact me once the return is signed by the Council so that I can arrange to add my signature to the form.

New accounting software

The council has introduced the RBS Alpha accounting package in 2018-19 and the financial reporting to the Council has been improved.

Detailed report (structured around the questions in the Internal Audit Report on the AGAR)

As part of the testing I checked:

- 1 Appropriate books of account kept throughout the year**
 - The accounts have been maintained using Rialtas software and have been kept up-to-date.
- 2 Expenditure is properly incurred, payments approved and VAT appropriately accounted for**
 - The cashbook was reviewed for the year. A sample of payment invoices was checked to ensure that they had been approved, correctly paid and VAT treated correctly. No errors were found.
 - Only one quote was obtained for the traffic survey which is permissible as it is a specialist service falling with the excepted categories listed in the Financial Regulations.
 - A credit card has been obtained and this is paid by direct debit each month in accordance with the guidance in G&A.
- 3 Council has proper risk assessment & management procedures**
 - Council minutes were scrutinised
 - The insurance cover is obtained using a broker which specialises in parish and town council insurance.
 - Standing Orders were updated in July 2017 based on the NALC template. They have been updated again in April 2019.
 - Financial regulations were adopted in February 2018 based on the NALC template
 - The risk assessment from May 2018 was reviewed

Observations:

- The risk assessment for 2019-20 will be taken to Council in May before the AGAR is approved.

- 4 The Precept resulted from an adequate budgetary process and suitable financial monitoring**
 - The budget setting process for 2019-20 was complete at the time of my visit. The associated reports were reviewed and the process appeared thorough.
 - The Finance committee reviewed quarterly income and expenditure reports showing progress against budget.
- 5 Expected income was received, recorded and banked; VAT appropriately accounted for**
 - The cashbook was reviewed
 - The precept was agreed to Council minutes and bank statements
 - CIL income was agreed to bank statements
 - A sample of advert invoices was checked
 - The VAT reclaim was submitted in April 2019

Observations:

- The Council is aware of the need to spend CIL within five years to avoid the possibility of having to repay it to WBC.

- 6 Petty Cash expenditure supported**
 - No petty cash is maintained by Barkham Parish Council

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

- Payroll has continued to be prepared in house with no problems arising.
- Checks were made for PAYE/NIC and pension deductions and no issues found.

8 Fixed assets register properly reflects the Council's assets

- The fixed asset register has been updated during the year. During this process it became apparent that some assets bought in previous years have been omitted from the disclosure on the AGAR in prior years. The prior year figure on this year's form will therefore be restated on this year's AGAR.

9 Periodic and year-end bank reconciliations properly carried out

- The bank reconciliation for March was reviewed.

Observations:

- The Finance Committee have reviewed bank reconciliations at each of their meetings. It would be good practice for the chair of the committee to sign the reconciliations and bank statements to evidence this review.

10 Accounting statements and annual return

- The financial statements, annual return and supporting documentation for the annual return were reviewed and agreed.

Review of previous audit reports

There are no matters outstanding from previous audit reports.

I trust that these comments are self-explanatory, but please do not hesitate to contact me if you would like any further details.

Yours faithfully



Claire Connell