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Mike Balbini

From: accounts@claireconnell.co.uk
Sent: 01 February 2021 11:49
To: Mike Balbini
Subject: Draft audit letter
Attachments: Shinfield interim report 2021 draft.pdf

Dear Mike

Please find attached the draft audit letter. The only significant issue I've raised is the exercise of public rights not being for the correct length of time in the first instance which PKF mentioned on the 19/20 audit report. I found one sales invoice which hadn't had VAT included on it and I've discussed that with Jane but it was an isolated error so no cause for concern. The CIL report for 19/20 doesn't appear to be on your website.

Do let me know if you have any comments before I issue it.

Kind regards

Claire

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Mr Mike Balbini
Clerk to Shinfield Parish Council
Shinfield Parish Hall
School Green
Shinfield
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1st February 2021

Dear Mike

Internal audit for the year ended 31st March 2021 – 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. Due to the national restrictions in place, my interim visit was carried out virtually.

Further work will be required after the year end to review the final accounts.

My internal audit testing was based on the guidelines included in the revised JPAG Governance & Accountability Practitioners Guide. Initial discussions with yourself and Jane Mason established any changes in 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 continue to be well maintained and appear complete and fit for purpose. The control systems and procedures appear efficient and effective and these are evolving as the Council's activities grow, as evidenced this year by the introduction of the purchase ledger module for the accounting system.

The exercise of public rights was not initially held for the correct number of days in 2020 which will be noted in section L of the audit report.

Detailed report (structured around the questions in section 1 of the Annual Return)

As part of the testing I checked:

- A. Appropriate books of account kept properly throughout the year**
- The accounts have been maintained in RBS Omega.
 - Invoicing is carried out using the RBS Bookings package and the RBS purchase ledger package has also been introduced this year.
 - The RBS Allotment software package is used. At present it isn't possible to integrate this with Omega.
- 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.

- The procedures for letting major contracts were reviewed. Contractors were chosen by use of tenders – with a select number of contractors being asked to tender.
- The approval of grants was checked. The Council has the General Power of Competence so s137 limits don't apply.

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

- Standing Orders and Financial Regulations were reviewed. The Standing Orders have been updated during the year and the Financial Regulations are due to be updated shortly.
- Council minutes were scrutinised
- The Financial Risk Management document for 2020/21 was approved in July 2020.

Observations:

- The insurance cover 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. Quarterly reports were reviewed by the Finance & General Purposes (F&GP) Committee.
- The budget setting process for 2021-22 was complete at the time of my visit and appeared thorough. It 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; VAT appropriately accounted for

The following areas were checked and no issues arose:

- The precept was agreed to Council minutes
- CIL income was agreed to WBC statements
- S106 funding requested and received matched payments made to contractors
- Hall hire and allotment income was reviewed

Observations:

- CIL income had not been reported on the website in a s121B (previously s62) report at the time of my visit. This should have been completed by 31st December 2020.
- The Council opted to tax the Spencers Wood Pavilion with effect from 12th May 2020. This appears to have been correctly implemented with the exception of one invoice which will be corrected.

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

- Petty cash transactions are very low in number and value.

G. Salaries to employees were paid in accordance with this authority's approvals, and PAYE/NI requirements were properly applied

- Payroll has continued to be prepared in house using 12Pay payroll software.
- A sample of pay and deductions was checked and no issues arose

- H. **Fixed assets register properly reflects the Council's assets**
- The fixed asset register is maintained on Excel and this will be reviewed after the year end.
- I. **Periodic and year-end bank reconciliations properly carried out**
- Bank reconciliations are prepared on a timely basis. These are reviewed by a Councillor on a monthly basis and this is reported to the F & GP committee.
- J. **Year end Accounts**
- These will be reviewed at my visit in May or June 2021.
- K. **Correct declaration of exemption from limited assurance review in 2019/20**
- Not applicable – the Council was subject to a limited assurance review in 2019/20.
- L. **During summer 2020 this authority has correctly provided the proper opportunity for the exercise of public rights**
- The Council did not provide the proper opportunity for the exercise of public rights as the exercise of public rights period was initially only for 29 rather than 30 days.
- M. **The council met its responsibilities as a trustee of trust funds**
- Not applicable – the Council is not a trustee of any trust funds

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 work.

Yours sincerely

Claire Connell