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The Councillors
C/o Mrs E Tims
Clerk to Barkham Parish Council
Arborfield Green Community Centre
Sheerlands Road
Arborfield RG2 9ND

2nd May 2018

Dear Ladies and Gentlemen

Internal audit for the year ended 31st March 2018

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 2018 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. 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 is introducing the RBS Alpha accounting package in 2018-19. The change in software provides a good opportunity to introduce improved financial reporting to the Council. This should include regular reporting of income and expenditure against budget to Council and a regular review of bank reconciliations (possibly by the Finance Committee). These reports are easily produced from the new software package.

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 in an Excel spreadsheet 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.
- 3 Council has proper risk assessment & management procedures**
 - Council minutes were scrutinised
 - The insurance cover was reviewed
 - Standing Orders were updated in July 2017 based on the NALC template
 - Financial regulations were adopted in February 2018 based on the NALC template

Observations:

 - A detailed risk assessment has been drawn up and 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 2017-18 was complete at the time of my visit. The associated reports were reviewed and the process appeared thorough.
- 5 Expected income was received, recorded and banked; VAT appropriately accounted for**
 - The Excel spreadsheet was reviewed
 - The precept was agreed to Council minutes and bank statements
- 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.
- 8 Fixed assets register properly reflects the Council's assets**
 - The fixed asset register has been updated for movements in the year.

Observations:

 - The fixed asset register should be updated so that it includes the date of purchase and serial numbers.
- 9 Periodic and year-end bank reconciliations properly carried out**
 - The bank reconciliation for March was reviewed.
- 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.

I enclose my fee note for your kind attention.

Yours faithfully



Claire Connell