

MORTON PARISH COUNCIL
INDEPENDENT INTERNAL AUDITORS REPORT
FOR THE YEAR ENDED 31ST MARCH 2016

I have carried out an internal audit of the Council's books and records in accordance with the Council's requirements and planned coverage under the guidelines of Governance and Accountability for Local Councils.

This work has been carried out on a sample basis so as to provide an assessment of compliance with the relevant policy and controls that are expected to be in operation during the above financial year. Where areas of concern are encountered additional work is undertaken to ascertain the extent of the problem and to form an opinion as to the effect on Council finances. Advice can then be given to correct the situation and the Council can then agree further controls where necessary to ensure future compliance with regulations.

My audit has covered the work carried out by the Clerks to the Council in office during the year in the execution of their duties ensuring that all relevant regulations have been met and the Council's resolutions have been carried out in a proper and timely manner. The following areas were subject to inspection.

Observance of Financial Regulations.
Observance of Standing Orders.
Operation and Reconciliation of Bank Accounts.
Cash Book Receipts and Payments.
Invoices Received.
Value Added Tax Refunded.
Preparation of Receipts and Payments Account.
Fixed Assets.
Council Minutes, Resolutions and Authorised Payments.
Risk Assessment.
Adequacy of Insurance cover.
Payroll Records and Clerks Expenses.
Precept requirement and Budget.
Adequacy of Council Reserves.

Continued.

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FOR THE YEAR ENDED 31ST MARCH 2016 (CONTINUED)

My inspection of the Council's records for the year ended 31st March 2016 has found the following areas of concern that need to be put before the Councillors for discussion and further action. Set out below are my reasons for a NO response to questions asked in the Internal Audit section on page 5 of the Annual Return.

- B. Payments were made during the year which were not supported by invoices and also some payments have been made without any indicated authorisation in the Minutes. This practice of not following proper procedures when dealing with expenditure may lead to loss of Parish Council funds due to payments being made without the knowledge of the Council. I recommend that a schedule of the Council's internal control system should be drawn up so that the full Council and also any incoming Clerk can be familiarised with its workings.
- C. The Parish Council did not review and adopt a Risk Assessment during the year. A full Risk Assessment will help the Parish Council plan to avoid disruption to its business and may have helped avoid the matters outlined in B above as an internal control schedule can be made part of the overall Risk Assessment. I note that a Risk Assessment was discussed and adopted shortly after the year end but I recommend that this be reviewed annually so as to ensure its continued suitability to the Council's needs.
- G. The Parish Council's payroll was subject to errors during the year such as the non operation of the PAYE scheme and employees being paid gross without deduction of tax at the date of payment. This may have led to penalties being levied by H M Revenue & Customs for non filing of RTI reports at the proper time. I understand that this situation was reviewed by the current Clerk to the Council and has since been corrected. The Clerk is an officer of the Council and as such can only be treated as an employee and included in the Parish PAYE scheme. This also applies to any Locum Clerk even though they may only serve for a short period or even a single instance they should still be on the payroll.

Continued.

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FOR THE YEAR ENDED 31ST MARCH 2016 (CONTINUED)

In addition to the above I have the following recommendation to make which the Parish Council may wish to consider. At each meeting of the Parish Council the Clerk should produce a financial summary of balances and reserves together with a bank reconciliation which should be signed by a Councillor who is not on the bank mandate and that this signed copy should be filed with the Minutes of the meeting.

In conclusion, following my Internal Audit and subject to the points I have made above, I consider that Morton Parish Council's system of internal control in place during the 2015/16 year did have some problems however with a little work it can be improved for the current and future needs of the Council.

J S Marriott
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31st May 2016