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7 June 2017

The Chairman  
Martham Parish Council

Dear Sir,

**Final Internal Audit for the year ended 31st March 2017**

Thank you for appointing me to carry out the final internal audit for the 2016/17 accounts. I remind you that, according to the Local Councils' Governance and Accountability Guidance, the purpose of internal audit is to review whether the systems of financial and other control are effective; neither the internal nor the external auditor can be expected to look for fraud. I do not give an opinion on the accounts, I am required to review controls and give recommendations.

I attended the clerk's office on 14th April 2017 and carried out the following work on the Council's books and records:

**1. Proper Bookkeeping:**

- checked a sample of payments and receipts to invoice/documentation
- VAT is itemised and reclaimed to 31<sup>st</sup> January 2017
- reviewed budget process

**2. Risk Arrangements:**

- reviewed minutes for unusual items
- insurance cover is in place
- Council's financial risk assessment was adopted May 2016
- Internal Controls were reviewed by Council in May 2016

**3. Income Controls:**

- reviewed significant income during year and checked to supporting documentation
- Gym income is counted and banked regularly
- Allotment income is paid by cheque or cash and a spreadsheet is maintained so as to ensure all monies are collected
- bookings for the centre are listed on a calendar and then invoiced

4. **Payroll Controls:**
  - reviewed salaries for the year
  - the clerk and two staff were employed and tax and/or NIC are deducted, depending on rate of pay
  - checked totals to Annual Return
5. **Asset Controls:**
  - reviewed asset schedule
  - reviewed invoices for any significant additions
  - checked total to Annual Return
6. **Bank Reconciliation:**
  - checked year end reconciliation to bank statements and checked to Annual Return
  - monthly reconciliations are prepared and presented to council
7. **Annual Return Section 2**
  - checked for completeness
  - agreed totals to cash book spreadsheet
  - reviewed variance statement for reasonableness
8. **Minutes**
  - reviewed minutes for unusual items
9. **Standing Orders**
  - financial standing orders were reviewed in May 2016

All the above tests and review of the minutes showed the Council to be involved in financial decisions and aware of the necessary internal controls. I have therefore signed the internal audit section of the Annual Return.

I have discussed a few minor matters with Sarah but have no items to bring to the formal attention of the Council.

Please send me a copy of the Annual Return once both sections 1 & 2 have been approved by Council.

I should like to take the opportunity to thank Sarah for her co-operation with the internal audit and the Council for appointing me.

Yours faithfully,

*Pauline James*

Pauline James BA  
Cert of Higher Education in Community Engagement and Governance