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7 December 2016

The Chairman
Martham Parish Council

Dear Sir,

Interim Internal Audit for the year ended 31st March 2017

Thank you for appointing me to carry out the interim 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 regard the interim audit as an opportunity to consider the Council's systems and procedures. The final audit will be a check of the end of year figures and the rest of the minutes.

I attended the Council's office on 7th December and carried out the following work:

I reviewed the minutes for the year to date and discussed with Sarah a few minor issues arising from those minutes, and read copies of the relevant policies mentioned in the minutes.

I also checked a sample of payments listed in the minutes to the actual invoices. I also reviewed the receipt of the precept and VAT repayments to the bank statements. I also verified the new account held with the Nationwide Building Society.

The councillors are actively involved in financial controls; a bank reconciliation of the Council's finances to bank statements is presented to full Council at each meeting. Actual income and expenditure is compared to budget regularly. Payments are authorised at full Council meetings or, if made under delegated powers, are ratified at the following Council meeting. Two signatories sign each payment, sign the actual invoice and initial the cheque stub.

There is some discrepancy between the Standing Orders and the Financial Regulations; the Standing Orders (17(c)) state simply that for payments over £60,000 the tender process must be applied – requesting sealed bids. The Financial Regulations (10.2(viii)) state that the

tender process must be applied for expenditure over £2,000. This should be amended to £60,000. I also noted that the Financial Regulations (3.3.1) state that the clerk can purchase items up to £250 without prior approval, such as stationery, but also state (10.2vi) that expenditure of up to £250 can be made by the chairman of the finance committee, together with one other member of the committee. Payments of between £250 and £2,000 require the prior approval of the Council.

I would suggest that the clerk and the Finance Committee looks again at these limits and agrees a revised list of limits and the control requirements.

I have no other comments to make.

I shall be happy to return after the year end to complete the audit.

Yours faithfully,

Pauline James

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