

INTERNAL AUDIT REPORT FOR BROADCLYST PARISH COUNCIL

I have carried out the annual internal audit today and wish to report as follows

Proper Book-keeping : A random sample of payment processes was made, ensuring accuracy of input and external checking/verification. The Council has this year moved to the Omega system administered by RBS. There are some issues arising from this initial year which need to be resolved before the year is closed. **Action : Clerk to arrange to meet with RBS to resolve issues asap**

Financial Regulations : Have been reviewed, updated, approved and signed. **No issues**

Standing Orders : Have been reviewed, updated, approved and signed. **No issues**

Payment Controls : Authority of payments have been properly delegated and signatories have been reviewed. BACS records relate to invoices and management accounts. Council is presented with payment schedule to approve at its monthly meeting. Authorisation is currently being made by the Clerk and one signatory with a third party non-signatory scrutiny. This has arisen as a consequence of the way in which Lloyds Bank has set up the authorisation schedule but needs to be changed as the Clerk should not be authorising payments. All payments are within Council's legal powers including GPC. If interim payments are made, a good level of scrutiny is in place. No loan is in place. A preferred suppliers list is in place and regularly reviewed, showing very good practice. VAT claim submitted regularly. **Action : Clerk to contact Lloyds Bank to discuss changing authorisation procedure so that she has administrative authority only and all payments to be approved by two Councillors who are signatories.**

Risk Management : Good risk management of finances with risk management policy and statement of internal control in place as well as risk assessments as appropriate. Insurance reviewed and approved, giving adequate cover. **No issues**

Budgetary Controls : Clerk's report and Budget properly prepared, reviewed and approved and precept set. Full Council approval. Reserves well documented. General reserve currently very low and urgent consideration should be given to this. Minute F16/14 (later ratified by full Council) covers this as an exceptional situation brought about by the acquisition of new office premises; however this minute agrees to allocate funding back into the General Reserve in the 17/18 budget and this has not been done. Progress against budget reported monthly but Council should ensure it vires as necessary by resolution as set out in the Financial Regulations. **Action : a) Review level of general reserve to ensure sufficient funding is available to continue operations in an emergency situation for 3 months. b) Council to vire within budget as necessary rather than at year end.**

Income Controls : Precept and grant properly and promptly received. Other income well evidenced and recorded. Hall hire income is now properly accounted for (requirement of last year's audit). All income reported to Council on a monthly basis. **No issues**

Petty Cash Procedures : No petty cash used. **No issues**

Payroll Controls : External payroll bureau used. Salary/staffing changes approved by committee under delegated powers and ratified by Council. A full external staffing review has been carried out and the recommendations have been resolved but no progress has yet been made. **Action : Staffing committee to ensure that all resolved issues are put in place**

Asset Control : Asset register in place and current. **No issues**

Bank Reconciliation : Monthly reconciliations covering all accounts prepared and reported monthly to committee and approved then ratified by full Council. Year end reconciliation in place. **No issues**

Year End Procedures : Year end accounts being prepared under Income & Expenditure by RBS but this needs to be clarified when discussions take place on the first year of Omega. Creditors and debtors to be clearly identified. Accounts to be reported to committee and Council. **Action : Outstanding and subject to discussions with RBS**

General : It is clear that this is a well managed Council that is being impacted by lack of staffing, very high levels of growth and teething problems with a new accounting system. Although there are a number of actions highlighted I am confident that these can be resolved within the coming year.

Lyn Hargood

6 April 2017