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LIGHTATOUCH

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26 January 2020

The Parish Clerk

Milborne Port Parish Council

Town Hall

High Street

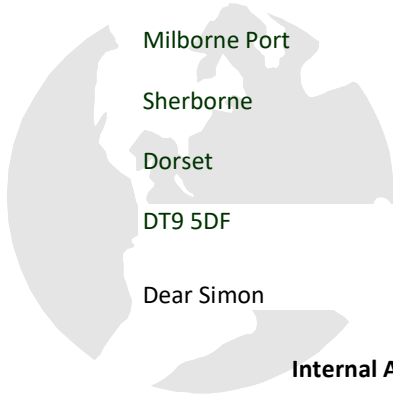
Milborne Port

Sherborne

Dorset

DT9 5DF

Dear Simon



Internal Audit Letter Report for Milborne Port Parish Council (April 2019 – December 2019) 2019/20

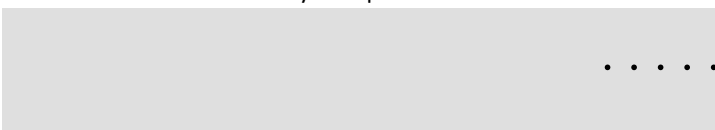
The Accounts and Audit (England) Regulations 2015 (as amended) require all Town and Parish Councils to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, considering public sector internal auditing standards or guidance.

With the commencement of the new Parish Clerk appointment on the 1 September 2019 it was agreed the this interim audit visit would check the progress that had been made to ensure that the Council could meet its obligations and that the internal control systems provide assurance that proper practice is followed by the Council.

A meeting was held with the new Clerk, the new Chairman, and the outgoing Chairman on Friday 24 January 2020 to provide an update on the current position of the Council.

The new Parish Clerk has extensive Local Council experience but found the use of RBS Omega insufficient to provide satisfactory management reporting and budgetary information that could be easily interpreted and taken to the Council for their information.

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The purchase and installation of the Scribe software has been introduced by the Clerk and this has allowed him to also restructure the information for reporting budget details to Council in a more appropriate way. It is our opinion that this software package is fit for purpose for the Council.

We have commented in previous internal audit reports the arrangements in place to employ the Parish Handyman were not sufficiently recorded in a formal contract of employment and that the Parish Council should formalise the arrangements.

We have noted that the Handyman has now terminated his employment with the Parish Council as a request by the new Parish Clerk to discuss formalising these arrangements into a formal contract of employment was declined and the Handyman subsequently resigned his duties from the Parish Council. The Parish Clerk is now actively reviewing the opportunity to outsource the workload covered by the Handyman where appropriate to an outside Contractor.

We checked the details of budget and financial transactions on the software with the Clerk and checked the information input to the financial ledger. We confirmed that this information had been reconciled to the bank statements for the period to 31 December 2019. It was agreed the Bank Reconciliations for November and December 2019 will need to be signed and initialled by the Clerk and Chairman as an accurate record of the bank account information. The Clerk agreed to take appropriate action so this could be followed up after the visit.

We further discussed the management information that can be produced from the software and reports that can be provided to the Council to inform them of the financial position of the Council.

We were also informed that the Council have approved an additional post of an Assistant Clerk to support the Clerk in his role and the interviews were to take place on Saturday 25 January 2020.

The Clerk indicated that he has carried out due diligence on other banking providers to consider transferring the current Barclays Bank accounts to Unity Trust Bank. This will also provide the opportunity to introduce BACS and online payments. It will also allow the Clerk to download bank statement information online without having to wait for copy statements to be received in the post. At present there have been ongoing issues with Barclays Bank to change the mandates for Councillors to be mandated on to the bank account to allow them to authorise payments.

A series of independent audit tests were also undertaken at this visit to provide assurance that the internal control framework remains fit for purpose. We checked a sample of vouchers, invoices, Assets Register, Insurance and Minutes, to test the efficiency and effectiveness of the Council's internal controls.

We have noted and discussed with the Clerk that the following actions and improvements should be made to the internal control framework as follows:

- The Minutes of the Council should list the number of payments and an overall total approved at each meeting.
- All pages of the Minutes for September and November meeting should be initialled as a true record of the decisions taken by the Council.
- A review of the Assets Register will be carried out by the Clerk. It was agreed to delay this until 2020/2021 to provide time to check that all assets details are accurate and correctly recorded on the Assets Register.
- The financial risk assessment of the Council will need to be reviewed and Minuted by the full Council by the 31 March 2020 to meet the requirements of the External Audit and to be able to complete "Yes" to Assertion 5.

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- The need to consider an Investment and Reserves Policy for the Council.
- The use of a Bank debit/credit card for small and online purchases.

We feel the new Clerk has made a good start to improve the control systems and rationalise the processes to ensure proper practice is introduced for the Council. We have agreed that the next internal audit visit will take place on the 28 April 2020 when we will complete the internal audit report on the Accountability and Governance Annual Return 2019/2020.

This internal audit letter should be noted and taken to the next meeting of the Parish Council to inform them of the Internal Audit work to be carried out during 2019/2020.

Yours sincerely,

Tim Light FMAAT

Internal Auditor