

---

---

**JANET E STOBART FCCA**

11 Sherwood Way, Feering  
COLCHESTER  
Essex CO5 9LJ

—  
Telephone (01376) 572506

Tolleshunt D'Arcy Parish Council  
c/o 4 Valkyrie Close  
Tollesbury  
Maldon  
Essex CM9 8SL

16<sup>th</sup> May 2017

Dear Councillors

**Internal Audit 2016/17**

I attach my report and invoice.

My report explains the work undertaken. Please pass my thanks to Michelle for the very well organised presentation of the information required to undertake the internal audit.

2016/17 has been a very challenging year and the council is to be congratulated for continuing to operate in such difficult circumstances. Some of the issues are included in my report but I do not intend to dwell on these as the processes introduced by the new clerk are putting the council on the right track. Instead, I am highlighting a few areas for consideration in 2017/18 to enable further progress to be made.

I would like to draw your attention to the following:

- When the Standing Orders and Financial Regulations are next reviewed, I would suggest increasing the threshold at which tendering is required (currently £2,000). The NALC model document allows for this threshold to be £60,000. The documents should also make reference to The Public Contracts Regulations 2015.
- The councillors could undertake internal financial controls such as checking (and initialing) bank statements against monthly reports, and agreeing salaries notified to the payroll provider for payment.
- The councillors could undertake an annual 'inspection' of assets on the asset register by walking around the parish and making notes about the condition of the assets and their need for repair, renovation or replacement. This exercise can feed into the risk assessment, budget requirement and assist with the insurance renewal, as well as verifying the existence of the assets themselves.

- The Internal Audit that I have undertaken is a review of processes and does not check individual receipts and payments for accuracy. I would recommend that some of the references to the internal audit within the risk assessment (mitigating actions column) are amended, in particular regarding the Theft and Dishonesty and HMRC risk areas. As mentioned in the previous 2 bullet points, there are a number of internal control functions that the council can / should be undertaken by councillors throughout the year as part of good governance
- There are opportunities to introduce general staff management controls, including an annual appraisal for the clerk / RFO and a formalized contract for the Burial Ground clerk role (duties are not part of the clerk / RFO contract, although the same person undertakes both roles for separate payment)
- Some clarification is required about the terms and condition of the annual grant from the Henry Smith Trust Fund, and whether the amounts held are Parish Council funds, or whether the funds remain the property of the Henry Smith Trust Fund. Parish Councils are not allowed to hold funds for a third party (i.e. acting as agents) but they are allowed to receive and disburse grants as 'restricted funds' for the benefit of the parish.
- My understanding is that parish councils, as sole trustees, can recover VAT on payments made in relation to the village hall, if paid out of the hire income. I believe a meeting is being arranged with Sue Sheppard of RCCE who will be able to advise

If you would like to discuss anything in the report, please let me know.

Yours sincerely

Jan Stobart