

Yorkshire Internal Audit Services
26 Stockwell Road
Knaresborough
North Yorkshire
HG5 0JZ
Tel: 01423-797817

Mr David Croxhall
Clerk to Morecambe Town Council
Town Hall
Marine Road
Morecambe
LA4 4AF

19 June 2017

Dear David,

**To the Chair and Members of Morecambe Town Council,
Internal Audit of Accounts for the Financial Year ending 31 March 2017**

I am pleased to inform you that I have concluded the annual audit of the Council's financial accounts. The accounts have been well maintained and appropriate controls supporting the governance framework have been in place. There were no significant issues arising. The results of my audit are detailed below.

Annual Return

I have carried out the final audit of the Council's financial accounts for the year 2016-17 and I am pleased to inform you that I have signed the internal audit section of the Annual Return for Local Councils as required.

Bookkeeping

The Council's cash book and bank accounts were checked. All cash book entries were agreed to bank statements, bank reconciliations were carried out throughout the year and the year end bank reconciliation was agreed. VAT was appropriately identified in the accounts and reclaimed during the year. The accounts for the Annual Return were compiled on the basis of income and expenditure which is consistent with the previous year.

Standing Orders, Financial Regulations and Payment Controls

I confirmed that appropriate Standing Orders and Financial Regulations are in place and have been reviewed and adopted by the Council. Council minutes have been reviewed, all minutes are appropriately numbered and have been signed and all expenditure has been appropriately authorised. Expenditure was sample tested and agreed to invoices and VAT records, there were no issues arising. Large payments were also reviewed to ensure that payments made were in line with standing orders. The payment to SR Brown for the toilets refurbishment was agreed to tender documentation, to ensure that services were competitively purchased. The contract will be reviewed at the interim audit stage when all payments have been completed.

Risk Management Arrangements

The Council's risk assessment and the effectiveness of internal controls have been reviewed during the year and an internal audit plan is in place. An insurance policy covers all the main insurable risks of public liability, employer's liability and fidelity guarantee, and values are consistent with the risks covered.

Budgetary Controls and Financial Health

The annual precept request was underpinned by an annual budget. The Council was regularly updated of progress against the budget during the year. Financial Health remains satisfactory with a balance carried forward of £136,000 representing 17 weeks of expenditure, after allowing for £55,000 of earmarked reserves. We normally recommend that balances represent about half a year's annual expenditure (ie about 26 weeks of expenditure) therefore the Council will need to monitor balances to ensure that the level of balances remains satisfactory.

Income Controls

VAT and precept income has been separately tested and agreed to supporting documentation and the bank statement. Other forms of income have been tested by means of analytical review, with sources consistent with the previous year and variances satisfactorily explained.

Payroll Controls

Contracts of employment are in place for all staff. Salary payments have been tested and salary paid is consistent with rates agreed by members. I have determined that salary payments made have been correctly reported to HMRC, and PAYE and NI have been reviewed and are within expected parameters.

Asset Controls

All material assets owned by the Council are maintained in an asset register. The asset register was agreed to the financial statements and significant assets were agreed to insurance schedules for appropriate insurance cover. Sample testing of assets for ownership and existence will be undertaken as part of my interim audit.

General

The accounts are well maintained and the standard of record keeping by the clerk is very high. I look forward to my next visit.

Yours sincerely,

Howard Miller

Yorkshire Internal Audit Services