

To: Stedham with Iping Parish Council

Internal Audit 2017/18: Memorandum and Letter of Representation

Internal Controls.

With the exception of issues detailed below relating to the Clerk's remuneration Internal Control continued to be good. Income and expenditure has been correctly recorded and summarised in the Annual Statement. It was noted that financial activity increased significantly during the year as a result of increased projects being undertaken by the Parish Council.

In respect of the Clerks remuneration the following has been noted together with recommendations:-

- a) For 2017/18 total payments amount to £8218 which represent an increase over 2016/17 of 53% and 56% over budget.
- b) Council minutes of March 2018 record concern over Administration costs generally both for the current year and also for the forthcoming budget year. While the approved rate for the Clerk is formally advised in earlier minutes there appears to be minimal guidance given on the number of hours to be committed to nor is there an adequate prior approval or record of overtime. Overtime claimed and paid was delayed until the final quarter. A further issue exists over holiday entitlement and how this is managed. Total payments have been adequately and correctly authorised by Council before being paid through the outsourcing service.
- c) In discussion with the Clerk it became apparent that the existing Contract of Employment (COE) is out of date and a new one is currently in its final stages of negotiation. Other than the financial budget there is little guidance of the number of hours required to carry out the Clerk's duties. This has become particularly relevant during the current period where a number of additional projects are being undertaken contributing to the large budget overrun.
- d) It is recommended that the Council determine "normal" hours for the Clerk during the budget process and that some latitude be allowed for overtime where significant projects or during periods of increased work load. Where overtime level is likely to exceed the agreed level the Clerk should seek further direction from the Council. At no time should unpaid overtime be allowed to accumulate over more than two months (in 2017/18 records indicate that more than six months was allowed to accumulate).
- e) The bi monthly wages summary and sign off requires to contain an overtime approval (where appropriate) before authorisation for payment. Delaying payments unnecessarily could be considered as unauthorised deductions and expose the Council to a breach of contract.
- f) It is recommended that the Council and the Clerk formally review the Clerk's role to determine roles and responsibilities and any significant change in workload are recorded.

Robert Morrison CA
Internal Auditor

3 May 2018