

Bobbing Parish Council

Internal Audit Report for the year ended 31 March 2015

I am pleased to report to Members of the Bobbing Parish Council (the "Council") that I have completed the year-end internal audit of the Council's records and final accounts for the 2014-15 financial year ended 31 March 2015. There are no significant matters to report and I have accordingly completed and signed off Section 4 of the Annual Return on 18 May 2015, the day of my audit.

Members should be aware that my work cannot be relied upon to identify the occasional omission or insignificant error, nor do I actively seek evidence of breaches of trust or statute, neglect or fraud, which may have taken place. It is the responsibility of the Members of the Council to guard against such events, but if during the course of my audit testing such events are discovered I am duty bound to disclose such events to the Council.

I would like to take this opportunity to thank the Clerk to the Council, Mrs Lynda Fisher for the assistance she gave me during the audit, the working papers and the original documents were ready for checking/inspection.

Previous Audits:

External Audit 2013-14

The Annual Return for 2013-14 was signed off by PKF Littlejohn on 22 September 2014. There was only one minor comment regarding the variance figure for Box 6 (other expenditure) on the Annual Return additional information.

Internal Audit 2013-14

Section 4 of the Annual Return, the annual internal audit report for 2013-14 was signed off by Mr Peter Lawrence on 28 May 2014, there was no other formal audit report.

Year-end Internal Audit 2014-15:

Findings

This is the first time I've audited the Accounts for the Council having been appointed as the Council's Independent Internal Auditor in April 2015 (Min 9(3) 1 Apr 2015). The audit included inspection of the Minutes, Standing Orders, Financial Regulations, insurance policies and risk management arrangements. It also covered the internal control systems in place especially the payment of invoices, the payroll arrangements and the general financial reporting to Members. The rest of my time was centred on the year-end accounts and supporting documents for the completion of the Annual Return and Bank Reconciliation.

Following my visit there are some observations I wish to bring to Members' attention.

Council Agendas, Minutes and Members:

The reporting to the Council and the subsequent minutes continue to be of a very high standard and are posted promptly on the Council's website in a PDF format.

In recent years I have been auditing parish council compliance with the Localism Act 2011, more recently concentrating on the need to comply with Section 29(6) and (7) of the Localism Act 2011 requiring details of Council Members Register of Interests (Disclosable Pecuniary Interest's) to be made available on the parish council website. Allegedly there is to be closer scrutiny of compliance with the Relevant Authorities (Disclosable Pecuniary Interests) Regulations (part of the Localism Act 2011 requirements) post May 2015 Elections, which may include financial penalties. There is a link to the Swale BC (SBC) webpage that would normally list details of the Members Register of Interests. Unfortunately at the time of writing this Report access to the relevant webpage via the weblink on the councils' website was not allowing me access. The Council has a full complement of nine Members. My understanding is that all elected or co-opted Members regardless of whether they were previously Members that have been re-elected had to complete a new DPI form as some of the information may have changed over the years. I would therefore recommend that the Clerk check the DPI position with the Monitoring Officer at SBC and the weblink. Post Audit Note: The Clerk has confirmed with the Monitoring Officer's P.A that they do have all the new DPIs following the election and she advised that they will appear on Swale's website as agreed in the past, with a link to ours.

The Council's website does have a list of the current nine Members and the list of outside responsibilities such as the Village Hall Committee.

Standing Orders and Financial Regulations:

The Council at its meeting on 5 November 2014 (Min 5[6]) approved new editions of the Standing Orders and Financial Regulations. Both publications are available on the Councils website.

Risk Management, Insurance Arrangements and Asset Register:

The insurance policy in place during the financial year 2014-15 was with Aon until 31 May 2015. The Council at its first meeting following the May 2015 Elections renewed the insurance contract for another year to 31 May 2016 (Min 9[3] – 19 May 2015).

The Council has approximately £8,000 worth of assets scheduled in a simple Asset Register, half the value is attributed to the Village Sign. As such there is no real need for a risk management policy. The insurance policies include Public Liability cover and a Fidelity Guarantee cover of £250,000 (the basic minimum), which is more than adequate for the level of cash balances held by the Council.

Bookkeeping & Budgetary Control:

The bookkeeping is maintained on Excel Spreadsheets held on the Clerk's computer. The Council very recently approved the purchase of two external hard-drives in May 2015 (min 9[4] – 19 May 2015). All the information on the laptop is back-up on a monthly basis using the external hard-drives, which are exchanged at each Council meeting.

The Council approved an increase in its Precept for 2015-16 to £13,875, an increase of 1.07% equivalent to 21p per year for a Band D property (Min 9(4) – 7 Jan 2015).

Payments, Payroll and VAT:

A monthly schedule of payments is prepared by the Clerk in advance of the Council meetings and is well minuted giving details of the cheque number, payee and amount. During the Audit visit I carried out a sample check on the payment system tracing invoice payments through the cheque issued to the resultant debit on the Council's bank account. No errors or omissions were found.

The Clerk is the only employee of the Council and appointed William Giles (Chartered Accountants) to manage the payroll process providing the Clerk with the information to draw cheques for her net salary and HMRC payment for PAYE and NI.

An amount of £239.81 was reimbursed by the VAT Office during the year relating to a claim period April 2013 to March 2014. The Clerk has already submitted a claim for the 2014-15 financial year for £258.81.

Banking Arrangements:

The Council's banking arrangements are with Barclays and includes two accounts, which had year-end balances as follows:-

Barclays Account	Balance as at 31 March 2015
Community Account	£27,110
Business Base Rate Tracker Account	£31,026
TOTAL	£58,136

The existing signatories have been re-elected so there is no need to vary the bank mandate except that the Clerk does not have administration access to the accounts, which would facilitate the bank reconciliation and reporting arrangements.

Other Matters:

Level of Reserves

The level of Reserves held by the Council is quite high compared to the annual precept. The External Auditor requires a specific note on the level of Reserves to be submitted with the Annual Return if they exceed a level twice the Precept sum (£27,000 for 2014-15). There is a very informative note on the reason for the Reserves on the bottom of the Financial Report for the year ending 31 March 2015, largely about the history of the village hall and more recent approaches for financial support from the parish church.

Clerk – pension provision

During my brief conversation with the Clerk I mentioned the need to consider a pension scheme for Council employees, there being eligible and non-eligible criteria to consider. Parish Councils are already required to register whether or not staff are eligible. The web link below relates to a NALC Legal Topic Note (LTN 79) issued April 2015, which explains the current situation. <http://www.nalc.gov.uk/library/members-library/legal-topic-notes/employment-2/1537-79-staff-pensions-april-2015-1/file> **Post Audit Note:** The Clerk has since received notification from the Pensions Regulator that our Staging Date is 1.10.16 and has registered herself as the nominated contact.

Transparency Code for Smaller Authorities (the Code):

Below is an extract of the first three paragraphs of the Transparency Code, which Bobbing Parish Council will have to comply with from 1 April 2015!

Policy context

1. This Code is issued to meet the Government's desire to place more power into citizens' hands to increase democratic accountability. Transparency gives local people the tools and information they need to hold local public bodies to account.

2. The Local Audit and Accountability Act 2014 sets out a new audit framework for local public authorities which are currently covered by the Audit Commission regime. Under the new audit framework smaller authorities, including parish councils, internal drainage boards, charter trustees and port health authorities, with an annual turnover not exceeding £25,000 will be exempt from routine external audit. In place of routine audit, these smaller authorities will be subject to the new transparency requirements laid out in this Code. This will enable local electors and ratepayers to access relevant information about the authorities' accounts and governance.

3. The Government considers that publication of the items in this Code will provide the local electorate and ratepayers with a clear picture of the activities of these smaller authorities. Most of this information is already produced by the majority of smaller authorities with a turnover not exceeding £25,000, and the Government therefore considers that compliance with this Code will not place a significant burden on these authorities.

The Kent Association of Local Councils has run three workshops during February and March 2015 to alert those smaller authorities that will have to comply with the Code. The Code DOES NOT apply to local parish councils where the gross income or gross expenditure in any one year exceeds £25,000. On both counts this Council does not have gross income or expenditure above £25,000, ***so therefore has to comply with the Code.***

To assist Councillors to understand the extent of the data to be published, I have reproduced the Annex A to the Code, which sets out the information to be published. Most items have to be published once per year by 1 July immediately following the accounting year to which it relates, i.e. for 2014-15 all items above £100 have to be published by 1 July 2015. However, minutes, agendas and papers of

formal meetings of the Council have to be published from 1 April 2015, the first meeting held after this date was the Council meeting on 16 April 2015. Planning Agendas with all the accompanying paperwork etc. would be very difficult to comply with the Code unless “planning portal” links are easily set-up. For the Council meetings the Clerks “budget spreadsheets” etc. should now be available with the Agenda. There is supposed to be some Government financial support available in due course via KALC/NALC, but details of the arrangements to claim this support have not been released yet. KALC will contact all the Kent parish councils that might be affected by this legislation once there is something tangible to pass-on!

POST AUDIT NOTE – KALC have sent out a questionnaire form to all the smaller councils in Kent to gauge the extent of preparedness and the support required to comply with the Code.

Annex A: Transparency Code for Smaller Authorities

Parish councils, internal drainage boards, charter trustees and port health authorities with an annual turnover not exceeding £25,000 should publish:

Information title

Information which should be published

All items of expenditure above £100

Annual publication no later than 1 July in the year immediately following the accounting year to which it relates.
Publish details of each individual item of expenditure.
Copies of all books, deeds, contracts, bills, vouchers, receipts and other related documents do not need to be published but should remain available for inspection.
For each individual item of expenditure the following information must be published:

- a. date the expenditure was incurred,
- b. summary of the purpose of the expenditure,
- c. amount, and
- d. Value Added Tax that cannot be recovered.

End of year accounts

Annual publication no later than 1 July in the year immediately following the accounting year to which it relates.
Publish signed statement of accounts according to the format included in the Annual Return form. It should be

accompanied by:

- a. a copy of the bank reconciliation for the relevant financial year,
- b. an explanation of any significant variances (e.g. more than 10-15 percent) in the statement of accounts for the relevant year and previous year, and
- c. an explanation of any differences between 'balances carried forward' and 'total cash and short term investments', if applicable.

Annual governance statement

Annual publication no later than 1 July in the year immediately following the accounting year to which it relates.

Publish signed annual governance statement according to the format included in the Annual Return form.

Explain any negative responses to governance statements, including how any weaknesses will be addressed.

Internal audit report

Annual publication no later than 1 July in the year immediately following the accounting year to which it relates.

Publish signed internal audit report according to the format included in the Annual Return form.

Explain any negative response to the internal controls objectives, including how any weaknesses will be addressed. Explain any 'not covered' responses to internal controls objectives.

List of councillor or member responsibilities

Annual publication of councillor or member responsibilities no later than 1 July in the year immediately following the accounting year to which it relates, including:

- a) names of all councillors or members,
- b) committee or board membership and function (if Chairman or Vice-Chairman), and
- c) representation on external local public bodies (if nominated to represent the authority or board).

Location of public land and building assets

Annual publication no later than 1 July in the year immediately following the accounting year to which it relates.

Parish councils and port health authorities to publish details of all public land and building assets – either in its full asset and liabilities register or as an edited version.

Internal drainage boards to only publish details of registered land and buildings that have a market value and appear in Fixed Assets Register.

The following information must be published:

- a) description (what it is, including size/acreage),
- b) location (address or description of location),
- c) owner / custodian, e.g. the authority manages the land or asset on behalf of a local charity,
- d) date of acquisition (if known),
- e) cost of acquisition (or proxy value), and
- f) present use.

Minutes, agendas and papers of formal meetings

Publication of draft minutes from all formal meetings not later than one month after the meeting has taken place.

Publication of meeting agendas and associated meeting papers not later than three clear days before the meeting to which they relate is taking place.

David J Buckett CPFA DMS

17 August 2015