

Iwade Parish Council

Interim Internal Audit Report for the year ended 31 March 2014

I am pleased to report to Members of the Iwade Parish Council (the "Council") that I have completed my interim internal audit of the Council's records for the 6-month period from 1 April 2013 to 30 September 2013, carried out on Wednesday 16 October 2013.

Members should be aware that my work cannot be relied upon to identify the occasional omission or insignificant error, or to disclose breaches of trust or statute, neglect or fraud which may have taken place, and which it is the responsibility of Members of the Council to guard against.

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 such as bank account statements and invoices were readily available for checking/inspection.

Previous Audits:

External Audit 2012-13

The new external auditor, PKF Littlejohn LLP, signed off Section 3 of the Annual Return for the year ended 31 March 2013 on 17th September 2013. They made reference to the need to initial changes to Box 8 (Total cash and short-term investments) and a comment about the valuation of Fixed Assets (Box 9), which had been amended to reflect insurance values instead of the original cost value, where known. This latter point is a comment I have seen in other Annual Returns, whilst technically correct is not in my view a material matter and could be corrected in the Annual Return for March 2014. The Clerk has since spoken to the External Auditors and explained the reasons for the amended valuation, who have provided an e-mail response expressing their satisfaction with the explanation, which can be displayed with the Annual Return Public Notice. The final sentence in the External Auditor's e-mail response confirms this view:-

[*"We do not intend to reissue our audit opinion; however, we are happy for you to display this email alongside your Annual Returns to clarify the position for anyone reading the 'other matters' raised."*](#)

Internal Audit 2012-13

The Year-end Audit report made reference to the need to update the Standing Orders to take account of the new Code of Practice and the Clerk's advice that the Asset Register would be reviewed when the redundant playground equipment had been removed. Both points are referred to in the following "findings".

Interim Internal Audit 2013-14:

Findings

During this interim audit visit I reviewed the internal control systems in place for payment of invoices linking back to the related Council minute and the trail through the bank account and the HMRC Real Time Information arrangements necessary from April 2013. The bank reconciliations, VAT returns and insurance cover were also checked. The Council Minutes and website were also inspected as was the updated Asset Register.

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

Minutes and Website:

The Minutes of the Council continue to be of a high standard and form part of the Parish Council contribution of the "iwadevillage" website, which covers a wide spectrum of information about the village of Iwade and links to contacts and other helpful material. The Clerk advised of the new link to the Swale Borough Council website, which contains the Register of Disclosable Pecuniary Interests (DPI's) and non-pecuniary interests of all the Members of the Council. The Clerk has asked each Member to check their own details and advise Swale BC of any errors/omissions. However, Section 29(6) and (7) of the Localism Act 2011 does require that the DPI's should also be held on the Parish Council's own website, where one exists. I have therefore suggested to the Clerk that she either copies the DPI information from the Swale BC website to the Iwade Village website, or verifies with say KALC/NALC, the need for such duplication if a sound web-link is in place to the "Principal Authority's" website, which contains the information controlled/managed by the "Monitoring Officer".

Standing Orders and Financial Regulations:

NALC have recently published their new Model Standing Orders with a down-loadable version available via their website. The Clerk advised that she will in due course download the new Model Standing Orders for the Council to consider, which incorporates the new Code of Conduct and DPI's.

The expected relaxation in the rules for authorisation of payments and the use of electronic banking systems has faltered during its passage through Parliament. I understand that the necessary legislation may be resurfacing as a new Private Members Bill, so there is no imminent prospect of a relaxation in the current requirement for two signatures on cheques etc. NALC's draft set of Model Financial Regulations anticipating the expected authorisation relaxations is still a draft!

Insurance & Asset Register:

The Council has renewed the insurance cover provided by Aviva via Came & Co, an insurance broker. I inspected the Aviva policies, which were effective 1 June 2013. The level of cover provided looked adequate set against the Asset Register valuations and the standard Fidelity Guarantee Cover of £150,000 is more than adequate.

The Asset Register was reviewed in June 2013 and reflects changes to the playground facilities at the School Lane Playing Fields, where the old equipment has been removed. The Clerk has included two columns for asset

values, one being the insurance value, mirroring the insurance policies and the second column recording the original purchase price as required for completion of the Annual Return, something picked up by the External Auditor.

Payments and Income:

The bookkeeping arrangements were up to date with a clear audit trail including the direct debit arrangements. All payments authorised are minuted showing the details of the payee, the amount and cheque/DD details. A VAT claim for the period 13 March 2013 to 31 March 2013 for £2,737.51 was received on 26 April 2013.

The Council has changed from Stiddard, Kent Ltd. to McCabe Ford Williams for monthly payroll services including the new HMRC Real Time Information requirements. Consequently, the payment arrangements with HMRC are up to date.

The Council had just received the second instalment of the £32,500 Precept for 2013-14, at the time of my visit, which meant that the current account at Nat West Bank stood at £74,408.14 as at 30 September 2013.

Other Matters:-

Village Hall and Barn

The Clerk updated me on the progress on a new village hall and the negotiations with Swale BC for the listed Barn.

Budget 2014-15

The Clerk showed me a copy of the letter (dated 8 October) received from Brandon Lewis MP in response to a letter from Cllr John Wilson the Chair of KALC concerning the Council Tax Support Schemes and possible “capping” for parishes. Members will be aware of this letter by now, which does not say much. My understanding is that the specific grant itemised separately in the Local Government Grant Settlement for 2013-14 for Council Tax Support will be merged into the Formula Grant for Swale BC for 2014-15 and it will be up to Swale BC to pass on any grant to the parish councils. I am aware that other District/Borough Councils in Kent are suggesting that no grant will be passed down to the parish councils in their areas. The value of the grant to Iwade in 2013-14 was £2,625. I would suggest the Council raises this with its Swale BC Councillors as soon as possible i.e. lobby for the grant to continue.

David J Buckett CPFA DMS

5 November 2013