

## **Iwade Parish Council**

### **Interim Internal Audit Report for the year ended 31 March 2015**

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 2014 to 30 September 2014, carried out on 19 November 2014.

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 2013-14

PKF Littlejohn LLP, signed off Section 3 of the Annual Return for the year ended 31 March 2014 on 22 September 2014. They made reference to the need for a date to be inserted at the time of signing off the Annual Return in Sections 1 & 2. Other than this minor comment no other observations were made.

##### Internal Audit 2013-14

The Year-end Audit report made reference to the need to update the Standing Orders and Financial Regulations following the Repeal of the "two signature" rule and further provisions of the Localism Act. NALC have issued new editions of their Model Standing Orders and Financial Regulations to use as a guide. I have referred to this in my "findings".

#### **Interim Internal Audit 2014-15:**

#### **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 out-sourced payroll arrangements. The bank reconciliations, VAT returns and insurance cover were also checked. The Council Minutes and website were also inspected.

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

##### **Website:**

One of the matters I looked at during the 2013-14 Audits were the arrangements parish councils had for the publication of the Register of Disclosable Pecuniary Interests (DPI's) and non-pecuniary interests of all the Members of the Council. At the time the Clerk advised of the link to the Swale Borough Council website, which

satisfied the requirements of Section 29(6) and (7) of the Localism Act 2011 regarding publication on websites. The purpose of mentioning this is that the “one-click” link to the Swale BC website did not appear to be working around the time of my audit visit. I did check other parish council websites within Swale using the same link and all come up with the same rejection notice. I mentioned this to the Clerk who has subsequently contacted the PA to the Monitoring Officer at Swale BC and the link is now working.

#### **Standing Orders and Financial Regulations:**

The week prior to my audit visit the Council had approved new versions of the Standing Orders and Financial Regulations based on the NALC Models. The Standing Orders include references to the “Openness of Local Government Bodies Regulations 2014” giving the right to record, film and to broadcast meetings of the council, committees and sub committees established following the passing of the Local Government Audit and Accountability Act 2014. This is an issue that is troubling some parish councils and KALC has produced a useful “Protocol on the recording and filming of Council and Committee Meetings” and suggested signage advising/warning the general public who may attend the meetings.

#### **Insurance & Asset Register:**

The Council renewed the insurance cover provided by Aviva via Came & Co, an insurance broker, which expires on 1 June 2015. This might be an appropriate time to consider a Long-Term Agreement (LTA) for insurance cover, which is usually for a period of 3 years. I inspected the Aviva policies, 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 latest Asset Register is very comprehensive, which could be complemented by a digital photographic record of the assets, useful when a claim needs to be made. Whether the wooden bollards need to be insured is debatable due to the insurance excesses, but this is something that can be looked at when reviewing the insurance arrangements next year.

#### **Payments and Income:**

The bookkeeping arrangements were up to date with a clear audit trail including the direct debit and standing order arrangements. All payments authorised are minuted showing the details of the payee, the amount and cheque/DD/SO details. I noticed that E-on is the provider of the street lighting electricity. A near-by parish council that I also audit has reduced their electricity costs for street-lighting by moving to Haven Power, part of the Drax Group.

The Council uses McCabe Ford Williams for monthly payroll services including the HMRC Real Time Information requirements. Consequently, the payment arrangements with HMRC are up to date.

The Council had received the second instalment of the £34,500 Precept for 2014-15 and the footway lighting grant from Swale BC, which meant that the bank balances were healthy. As at 31 October 2014 the current account at Nat West Bank stood at £65,192 and the latest Deposit Account balance (30 July 2014) was £58,840. This does include an amount of approximately £16,000 relating to the KCC Broadband Grant, which the Council is due to repay back to KCC unless KCC agree to the Council using this money for the proposed internet/ computing facilities at The Barn.

**Other Matters:-****The Barn and other infrastructure.**

The Clerk updated me on the progress on The Barn and the establishment of a separate Trust, the issue of the football pitches and possible all-weather pitch facility proposed by the local school, the discussions with Swale BC over the continued development within the parish such as the Persimmon Development! The indications are that The Barn would be ready for hand-over early in 2015, let's hope so. The Parish Council now has an extra monthly grass cut undertaken by Swale Landscape Services, paid for by the Parish Council, due to a reduction in their service. The replacement of the old Parish Footway Lighting is progressing with the installation of 12 new columns, 14 more to go.

**Budget 2015-16**

The evening before my audit visit the Finance Committee met to discuss the Budget Monitoring Report for 2014-15 and look forward to the 2015-16 Budget & Precept. The Barn project will need to be reflected in the 2015-16 Budget. Swale BC was one of two principal authorities in Kent not to pass on any Council Tax Support Grant (CTSG) in 2014-15. Supposedly, the Local Government Minister has been lobbied by NALC and others to make sure parish/town councils get a share of the CTSG in the future years, don't bank on it!

**David J Buckett CPFA DMS**

**8 November 2014**