

## **Iwade Parish Council**

### **Year-end 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 year-end internal audit of the Council's records to 31 March 2014, carried out on 26 May 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:**

##### Interim Internal Audit 2013-14

There were several on-going matters flagged in the Interim Report, such as the updating of Standing Orders following the publication of a new Model Standing Orders by NALC, which are mentioned in the "Findings" section of this report under the relevant subject heading.

#### **Year-end Internal Audit 2013-14:**

#### **Findings**

This audit visit concentrated on the year-end accounts and supporting documents for the completion of the Annual Return such as the Asset Register and Bank Reconciliation. The Council Minutes and website were also inspected.

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

#### **Code of Conduct, Standing Orders and Financial Regulations:**

Last year part of the Audit covered the Localism Act 2011 and the Code of Conduct for Members. This year I have been checking to see progress on another one of the requirements of the Act, the publication of details of the individual Disclosable Pecuniary Interests (DPI's) declared by Members and their partners. The Monitoring Officer at Swale BC (SBC) has to ensure that the Register of Disclosable Pecuniary Interests and non-pecuniary interests of all the Members of the Parish Council is published on the Borough Council's website and where individual parish councils have their own website, the same information has to be made available on the parish council website (Section 29(6) and (7) of the Localism Act 2011).

In my Interim Audit Report I referred to 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. However, I did suggest that the Clerk check that this direct link was sufficient to meet the Localism Act

requirements. I have since met the Monitoring Officer, Mr Mark Radford (a former colleague of mine when I worked at Swale BC) and he is of the opinion that the Swale BC direct link to parish websites was sufficient as long as parish clerks keep him and his staff of any changes to the Council Membership in between parish elections. There is an issue over which website, a query I have raised under “Other Matters” at the end of this report.

I made reference to the new Model Standing Orders published by NALC in my Interim Audit Report, which includes various references to the requirements of the Localism Act 2011, such as the Code of Conduct and DPI’s.

With regard to the Financial Regulations, NALC has issued a Financial Briefing (F04E-14) advising that the Legislative Reform Order (LRO) to repeal s. 150(5) of the Local Government Act 1972 came into force on 13 March 2014. This long awaited reform allows local councils to abandon the “two signature rule”. However, the Financial Briefing emphasised the need for local councils to put in place “safe and efficient arrangements” before abandonment of the two signature rule. It is essential that those local councils wishing to take advantage of this relaxation continues to maintain robust procedures and controls as part of the Council’s overall financial control system.

NALC has re-issued their Model Financial Regulations, which was originally issued as a “consultation draft” in July 2012, when changes to the two signature rule was first proposed. NALC’s Financial Briefing also referred to the new Appendix 11 to the Governance and Accountability for Local Councils – A Practitioner’s Guide (England) 2010. Appendix 11 entitled “Safeguarding Public Money” provides guidance to local councils wishing to take advantage of the modern payment methods, whilst safeguarding the public assets in their care. It goes into great detail, describing the various types of “money” (e.g. credit/debit cards, electronic transfers), the reasons for repealing s. 150(5), the roles and responsibilities of Councils (as the responsible corporate body) the Responsible Financial Officer (RFO) and councillors.

The Council was advised of the Repeal of the s.150(5) of the Local Government Act 1972 under correspondence received at the March 2014 meeting. The Finance Committee in April 2014 did consider the new banking freedoms, but decided to defer any changes for now.

The Clerk had previously advised that she would be bringing the NALC Model Standing Orders to a future meeting of the Council to incorporate the Localism Act requirements into the Council’s Standing Orders alongside other updates. I would suggest that this review is done, as any future changes to the existing Financial Regulations, which may impact on the Standing Orders would only effect a few sections of the Standing Orders.

#### **Asset Register:**

The Asset Register has been updated following the removal of the playground facilities at the School Lane Playing Field and installation of the new lighting columns. The Register is a good example of an Asset Register.

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

The bookkeeping arrangements continue to be well maintained and up to date. The Clerk has recently submitted a VAT claim for the period 1 April 2013 to 31 March 2014 for £4,512.29, which will be received in 2014-15. McCabe Ford Williams manages the payroll function calculating the monthly PAYE and NI payments due.

The one significant source of income for the Council during the last six-months has been two County Councillor Grants (£4,000 x 2) from KCC towards the cost of the 4 lighting columns.

#### **Year-end Accounts and Balances:**

The Council has two accounts with Nat West. as follows:-

Account	Balance (£)
Current	57,192.68
Business Reserve	44,203.53
TOTAL	101,396.21
LESS:- Unpresented cheques up to 31 March 2014	212.75
Balance c/f as at 31 March 2014 as per Annual Return Section 1 Boxes 7 & 8	101,183.46

This balance does include the £16,624 balance of the Broadband Grant from KCC, which is due to be returned at some point.

At the time of my visit the Annual Return figures had been calculated and the explanation of variances required by the External Auditor drafted.

#### **Other Matters:-**

##### The Barn

I have been assisting the small project team established to pursue the acquisition of the listed Barn from the Developers, which has involved meetings with a representative from ARCK and with Swale BC officers. Hopefully the project team's aspirations, which includes representatives of the neighbouring church will come into fruition during 2014-15.

##### Websites

I understand that the Council is currently running its own website hosted by KCC and also providing material for the Iwade Village website [www.iwadevillage.co.uk](http://www.iwadevillage.co.uk) The purpose of raising this matter is that I previously referred to the DPI information and the link to the Swale BC website, which is via the KCC hosted website [www.iwadepc.kentparishes.gov.uk](http://www.iwadepc.kentparishes.gov.uk) The Clerk has explained the reasons for setting up the "iwadepc" website, which is going to be used for agendas and minutes from 2014 onwards and other more formal documentation specific to parish council business such as standing orders, financial regulations, notices of the annual audit, notices of parish councillor vacancies/elections, code of conduct and the DPI information. The more topical and

informative material that comes through the Parish Council like road closures, pothole repairs and public consultations will be directed to the “iwadevillage” website and the archive of Council Minutes will remain on this website. Whilst there may be an element of duplication the “iwadevillage” website is an excellent site for the Council to engage with the parishioners.

**David J Buckett CPFA DMS**

**27 June 2014**