

Bredhurst Parish Council

Internal Audit Report for the year ended 31 March 2016

I am pleased to report to Members of the Bredhurst Parish Council (the "Council") that I have completed the year-end internal audit of the Council's records and final accounts for the 2015-16 financial year ended 31 March 2016. There are no significant matters to report and I have accordingly completed and signed off the Annual Return on 28 April 2016, 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 new Clerk to the Council, Ms Bex Ratchford 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 2014-15

The Annual Return for 2014-15 was signed off by PKF Littlejohn on 7 July 2015 with a couple of minor matters concerning some pencilled entries and the Trust Fund comments in Sections 1 & 2.

Internal Audit 2014-15

There were some issues raised in my Report last year, the main one being the introduction of the mandatory Transparency Code from 1 April 2015 and the impact on the Clerk's contracted hours to properly comply with the Code.

Year-end Internal Audit 2015-16:

Findings

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

Website and Members:

The Clerk advised me of the uncontested election result, which resulted in the re-appointment of 5 existing councillors and a new councillor Louise Ferne, there is one vacancy. The Clerk has already issued the Disclosable Pecuniary Interests (DPI's) forms to be completed by the Councillors to be sent to the Monitoring Officer at Maidstone BC. The website shows the DPI's of the councillors prior to the May 2016 Election, which will no doubt be undated once the Councillors have returned their DPI forms. Last year I provided a schedule of the Transparency Code requirements to be brought in from 1 April 2015. I am pleased to report that the website contains most of the requirements of the Code, which is a big improvement in the last 12 months. A meaningful

website is becoming increasingly important for local councils to keep in touch with its residents as well as some of the other forms of communication such as Facebook as adopted by the Council. The Clerk explained that she and the Chair and Vice-Chair shared the administration rights to the Facebook account. The Clerk also advised that this Council will be one of several local councils to trial a new website design being introduced by the EIS Department at Kent CC, which hopefully attract more visitors to the website.

Standing Orders and Financial Regulations:

The Standing Orders and Financial Regulations need updating, which the Clerk intends to bring to the new Council early in its new municipal year. Both these documents when approved should be posted to the Council's website.

Risk Management, Insurance Arrangements and Asset Register:

The Council entered into a new 3-year long-term agreement (LTA) with Hiscox Ltd via Came & Co, insurance brokers (Min 13.5 - 7 May 2014), to expire 31 May 2017. I understand the Council has been offered a new 3-year deal with Hiscox, which is effectively a two-year extension on the existing LTA, making it a 5-year insurance contract. Came & Co. appear to be offering this extension of contract to many of its clients. **Post Audit Note:** The Council has wisely, in my view refused the offer of the 2-year extension of contract.

The Council is to review its risk management arrangements at the May 2016 meeting. One of the big risk areas are the playgrounds. The Council has a good system in place to monitor the playgrounds and the associated equipment. Councillors keep an informal eye on things at least once a week, which are supplemented by the Maidstone BC's monthly inspection service with a full ROSPA inspection carried out by Craighdene Ltd.

Last year I mentioned the need to review the Asset Register and to fix the asset values at their original cost (or a proxy value if unknown) and not adjusted annually like the insurance values. The Council's assets mainly consist of various pieces of street furniture, parish notice boards, a village sign and playground equipment. The Clerk plans to update the Asset Register during 2016-17, which will include the "best practice" of maintaining a digital photographic library of the assets.

Bookkeeping & Budgetary Control:

The bookkeeping and budgetary control statements are held on spreadsheets and are well maintained by the new Clerk. I reviewed the 2016-17 budgetary process, which contained some very good supporting papers with % options for Councillors to consider. The Council decided on a 12% increase in precept for 2016-17 raising the annual precept to £9,671.

The Clerk has switched the backup arrangements of the computer records of the whole Council to the "cloud based" Dropbox online storage facility, which is becoming increasingly popular amongst my parish council clients.

Payments, Payroll, VAT and Income:

I carried out a sample check on payments tracing them from the receipt of the original invoice through to the issue of the cheque and the clearance of the cheque against the bank account. I found no errors or omissions.

The Clerk used the on-line “Real Time” Inland Revenue software to calculate the PAYE and NI position. The pay records for 2015-16 were in order. The previous clerk worked until 29 January 2016 with a very short hand-over period to Ms Ratchford, who started on 25 January 2016. At the time of my visit the Clerk did not have a signed contract of employment. This needs to be rectified as soon as possible. The Clerk advised me that the Council are proposing to modify the pay arrangements to pay on a monthly basis rather than the existing 4-weekly cycle. The Clerk also advised that her annual pay was below the automatic right to a contributory pension scheme and has completed the necessary declaration on-line.

There was no VAT claim submitted during 2015-16. The balance of VAT due to the 31 March 2016 was £567 to be claimed in 2016-17 financial year.

Banking Arrangements:

The bank reconciliation as at 31 March 2016 was: -

Nat West Bank Account	Balances as at 31 March 2016
Current Account	611.25
Business Reserve	17,227.50
TOTAL	17,838.75
LESS unpresented cheques	20.00
Bank/Cash balances as at 31 March 2016	17,818.75

There is no petty cash held. The bank mandate needs to be reviewed following the May elections.

Other Matters:

One of the accounting arrangements used by the previous Clerk was a rather confusing Bank Reconciliation Statement presented to every Council meeting, although I had expressed my reservations about the Statement. I am very pleased to see that the new Clerk Ms Ratchford has reverted to a more simplified and correct Bank Reconciliation Statement to present to Councillors. I would suggest that this is also checked by Councillors against the actual bank statement and accordingly initialled by the inspecting Councillors (Ms Ratchford may have already proposed this, although it often depends when the bank statements are produced by NatWest and whether this fits with the monthly cycle of meetings).

David J Buckett CPFA DMS

30 May 2016