

Bredhurst Parish Council

Internal Audit Report for the year ended 31 March 2017

I have completed the year-end internal audit of the Council's records for the year ended 31st March 2017 and signed off the Annual Return (Annual Internal Audit Report) on 7 April 2017.

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 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, 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 2015-16

The external auditors PKF Littlejohn LLP signed off Section 3 of the Annual Return for the year ended 31 March 2016 on 20 July 2016. There were no matters raised by the Auditors.

Internal Audit 2015-16

There was one matter relating to the review of the Asset Register to follow up from the 2015-16 Audit Report This and other matters are covered in the Audit Findings.

Year-end Internal Audit 2016-17:

Findings

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

Website:

The Council uses the KCC provided website design and was chosen to be a "test" site for the new version that was launched earlier this year, although as a test site may have had access to it earlier. Being a small parish council with a turnover of less than £25,000 per year, the Council must comply with the Transparency Code (the Code), which requires specific information to be made available on the Council's website. Last year the Clerk had made great strides in getting towards full compliance with the Code. When I visited the Clerk in April I spoke at length to the Clerk about her experiences with the new website as all I had received was bad reports on the new design. This view has continued during my "audit visits through April, May and into June. The main complaints have been the loss of data during migration, poor training facilities at KCC (I gather there are no more planned training courses) and possibly the worst problem the slowness of uploading new items. At the time of my visit despite being a "test" site the Clerk's view mirrored the comments I had received both before and after my audit visit to Bredhurst, other than I do not think Bredhurst suffered from the loss of data.

Several of my clients have lost confidence in the EIS website and have switched to the free Hugo Fox website www.hugofox.com , which uses the same WordPress platform, but is apparently easier to use and much much quicker to update. I have provided the Clerk with the names of my clients using this web design.

It is only through the diligence and persistence of the Clerk that the website is up to date in terms of agendas and minutes, although there is only so much time that can be spent due to her limited hours without incurring overtime. The Clerk is aware of the possibility of claiming more funding from the Transparency Fund towards time spent managing the website, which is available for the last time during 2017-18. The funding for the extra hours worked by the Clerk MUST be paid over to the Clerk and should ideally be reflected in her contract of employment. Hence, if say 2 hours per month is being spent on the website to ensure compliance with the Code, the Clerk's monthly salary should be increased by the 2 hours accordingly. **Post Audit Note:** The Clerk has recently submitted an application for the additional hours.

The website has the two statutory requirements in place namely the Disclosable Pecuniary Interests (DPI's) and the Annual Return documentation, which must be available for 5 years after the completion of the Audit. All being well the Council will receive another unqualified audit, which will mean that the next Annual Return 2017-18 will NOT need to be sent to PKF Littlejohn for the External Audit procedure. BUT in lieu of this concession the Council is expected to be compliant with the Transparency Code requirements. At the moment, the Council is not fully compliant with the Code, which became effective from 1 April 2015. At the end of this Report I have attached the requirements of the Transparency Code, which requires a lot more information. **Post Audit Note:** I gather from the Clerk that the Council may want to continue with the External Audit process. Firstly, opting to have an External Audit DOES NOT exempt the Council from complying with the Transparency Code! Secondly, the fee will be a minimum of £200. I assume the Council will need to write to the Smaller Authorities Audit Appointments to request the external audit to continue. The appointed External Auditor for Kent remains PKF Littlejohn.

Standing Orders and Financial Regulations:

The Standing Orders and Financial Regulations were last updated in November/October 2015 respectively. They need to be reviewed and brought up to date with the Procurement Regulations, which I have forwarded to the Clerk. **Post Audit Note:** The Standing Orders have just been updated and the Financial Regulations are currently under review and will be signed off by the Council over the next few months.

Risk Management, Insurance Arrangements and Asset Register:

The Council entered into a 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. **Post Audit Note:** The Council has renewed the insurance for 12 months due to the uncertainty of the lease of the field (Mins. 28 & 30 - 7 June 2017)

The Council is to review its risk management arrangements at the July 2017 meeting. The system in place to monitor the playgrounds and the associated equipment has not changed from last year, with Councillors keeping 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 Craighene Ltd. The Council has also had a tree survey done by BAS Tree Consulting, the remedial work is to be done before the end of June 2017.

The Clerk has carried out a review of the Asset Register during 2016-17, which has led to a “restated” figure for the value of the assets in line with “proper practice”. There is also a digital photographic library of the main assets consisting of various pieces of street furniture, parish notice boards, a village sign and playground equipment.

Bookkeeping & Budgetary Control:

The bookkeeping and budgetary control statements are held on spreadsheets are excellent. I reviewed the 2016-17 budgetary process. The Council decided to increase the precept for 2017-18 by just over £300 to £10,000 an approximate increase of £2.90 per Band D property.

The Dropbox cloud based backup arrangements for the Council’s computer records is still in place.

Payments, Payroll, VAT and Income:

I found no errors or omissions in the sample check on payments from the original invoice to the issue and the clearance of the cheque against the bank account.

The Clerk uses the on-line “Real Time” Inland Revenue software to calculate the PAYE and NI position. The pay records for 2016-17 were in order.

There was no VAT claimed during 2015-16. The amount of VAT claimed in 2016-17 was £2,004 covering a period from December 2014 to October 2016. The balance of VAT due to the 31 March 2017 was £49 to be claimed in the 2017-18 financial year.

Banking Arrangements:

The bank reconciliation as at 31 March 2017 was: -

Nat West Bank Account	Balances as at 31 March 2017
Current Account	164.45
Business Reserve	15,701.15
TOTAL	15,865.60
LESS unresented cheques	0.00
Bank/Cash balances as at 31 March 2017	15,865.60

There is no petty cash held.

David J Bucket CPFA DMS

26 June 2017

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:

- date the expenditure was incurred,
- summary of the purpose of the expenditure,
- amount, and
- 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 copy of the bank reconciliation for the relevant financial year,
- 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
- 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.