

Newington Parish Council

Year-end Internal Audit Report for the year ended 31 March 2016

I am pleased to report to Members of the Newington 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.

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 Clerk, Mrs Wendy Licence for her assistance given to me during this audit.

Previous Audits:

Interim Internal Audit 2015-16

There were a few issues raised in the Interim Internal Audit report concerning the updating of the Council's website, FSCS protection of investments, workplace pension and risk management. These and other matters are detailed in the "Findings" below. The Council considered my Report in November 2015.

Year-end Internal Audit 2015-16:

Findings

A lot of the internal systems and controls were tested during the Interim Audit so this Audit concentrated on any outstanding issues and the year-end accounts produced from the QuickBooks Accounting Package.

Members and the Website:

I have previously mentioned the requirement of the Localism Act 2011 to publicise details of the individual Disclosable Pecuniary Interests (DPI's) declared by Members and their partners. The web-link to the Swale BC website has been re-established and shows details of the 11 Councillors.

By the time Members get to see this Report the Annual Return for 31 March 2016, will have been approved by the Council. The Clerk will have reported on the change of emphasis when approving the Annual Return in that the Annual Governance Statement has to be approved prior to the Accounting Statements AND once approved and signed off a copy of the Annual Governance Statement and Accounting Statements (Section 1 & 2) has to be posted onto the Council's website as well as the Council Noticeboards alongside the Notification of the Public Rights of Inspection. This is part of the Governments push for greater accountability and transparency. It is

becoming increasingly important for Council's to have a good website, which is up to date and easy to navigate. The Council's website is now a statutory requirement for this year's Annual Return 2015-16 as well as for the publication of Councillors register of interests (DPI's). The Annual Returns have to be available for "public access" for a period of 5 years from the date of publication (as per Accounts & Audit Regulations 2015). The easiest and probably the preferred means of public access is via your website.

The website is managed by the Clerk and contains the agendas and minutes, financial information and some governance documents such as the Standing Orders and Financial Regulations. The "Community Matters" web-page is very informative containing the PCSO and Community Warden Reports and there is a separate web-page for the Newington PC Planning Reports. In my Interim Audit Report, I mentioned the requirements of the Transparency Code 2014 in terms of website content applicable to parish councils with a turnover of below £25,000 pa. Many parish councils above this threshold have voluntarily enhanced their website content including Newington. The Code requires parish councils to annually disclose details of all payments made above £100 (net of VAT). Newington has a schedule of payments above £500 and includes details of the relevant statutory powers. However, using this higher threshold does throw up an anomaly in that it appears that the Clerk was only paid 4 times during the year, the Clerk has explained this to me. I realise it will be more work for the Clerk but reducing the threshold to the £100 would be in line with the Transparency Code. The statutory powers column could be kept be left for payments over £500 as this is not compulsory.

Standing Orders and Financial Regulations:

The Council reviewed the Financial Regulations at the meeting held on 29 March 2016 (Min 13 [ii]).

Risk Management/Insurance/Asset Register:

During the 2015-16 the insurance provider was Aviva, whose Long Term Agreement was due to expire on 31 May 2016. **Post Audit Note:** - The Council considered insurance quotations at its meeting held on 31 May 2016 and approved a new Long Term Agreement to 31 May 2019 with Hiscox (Min 13[vii] – 31 May 2016).

Risk management arrangements were extensively covered in the Interim Report. I noted that the Council did not pursue the purchase of its own laptop. With regard to the burial records the Interim Report referred to the possible purchase of a fire proof safe to contain the original burial records. I was pleased to see that the Council discussed this matter in some depth as recorded by the Minute 11 – 29 September 2015 meeting. There was reference to a fireproof box costing about £600 and a suggestion that the older burial books be sent to the archivist and the newer books kept. Cllr Staff advised the Council that he had a large scanner and could copy the burial books, which was minuted accordingly. The Minutes suggest that nothing has been done about the safe keeping of the original burial records, the only references I could find were several relating to the progress of "copying" the burial records. I noted in a more recent meeting the Minute referred to "2 out of 3 burial ledgers had been copied" and now Cllr Staff has left the Council. The Clerk confirmed that she had not received any copies from the former Councillor and that she looks after all the burial records. The current situation is not much different from when I first raised this issue with the previous Clerk several years ago. The old burial records of my local church at Newnham were sent to the archive centre within Canterbury Cathedral, who digitise the records for anyone to view and store the original leather bound ledgers. I believe a copy of the

digitised records can be requested. The KCC Archivist Department may also provide a similar service. The Council's insurance broker may also be able to advise. Something needs to be done.

I noted the planned PAT testing of the equipment in the Pavilion and the ongoing discussion regarding the agreement with Newington Community Sports Club. Responsibility for the overall health & safety should be part of the agreement with the Sports Club, setting out who is responsible for the various aspects of the Pavilion health & safety as well as the maintenance aspects.

Budgetary Control/Cashbook:

I examined the last six months' transactions up to the year-end and went through the end of year accounting statements produced by the Clerk on her Excel spreadsheets to prepare the draft figures for the Annual Return Section 2 the Accounting Statement.

The Council received a draft Budget for 2016-17 at the November 2015 meeting, a Finance Committee was convened, which brought its recommendations to the December 2015 Council meeting. The December Council meeting approved a 2016-17 Budget of £44,000, although I believe this was the Precept request as the Budget includes the lighting grant received from Swale BC. The Clerk has taken on-board the need to be more precise in minuting the Budget and Precept request amounts for future years.

Payments, Payroll and VAT:

I conducted an in-depth examination of the payment and payroll records as part of the year-end audit. The accounting arrangements have not changed since then, although I did carry out a sample check on the payments made during the last 6-months of the year. During the year the Council has had contract arrangements with Mr M J Marshall for cemetery & churchyard grass-cutting, Mrs P Rowe for litter picking and sight checking of equipment and Mr B Belcher for street cleaning. Members must satisfy themselves that a formal contract exists between the Council and the three contractors and that the Council is not potentially exposing itself to any public liability or any employee/employer relationship. The Clerk attended the Clerk's Conference in June 2016, where one of the sessions touched on HMRC changes, which could mean that the current "contract/client" relationship of the above contracts changes. I understand the current contracts come to an end in October 2016. I would suggest that the Clerk seeks advice on this matter, perhaps from the payroll provider DCK Beavers or Hiscox Insurance who may be able to advise on this matter.

A VAT return for the period 1 April 2015 to 31 December 2015 amounting to £1,272.48 was reimbursed to the Council in January 2016 and a further claim has been submitted for the VAT to 31 March 2016 for £688.36. **Post Audit Note:** - The receipt of the £688.36 was reported to 31 May 2016 Council meeting.

Banking Arrangements:

The Council's banking arrangements are with NatWest and an investment with Scottish Widows, which had year-end balances as follows: -

Accounts	Balance as at 31 March 2016	Balance as at 31 March 2015
NatWest Business Reserve Account	£47,633	£45,493
NatWest Current Account	£1,200	£2,200
Scottish Widows	£18,713	£18,638
TOTAL	£67,546	£66,331
Less Uncleared cheques as at 31 March	-£4,832	-£4,461
BOX 8	£62,714	£61,870

Other matters:

Staff Pensions

NALC issued a Legal Topic Note on Staff Pensions (LTN 79- April 2015), which sets the scene for the "Auto Enrolment" of eligible jobholders into a qualifying pension scheme, under the provisions of the Pension Act 2008. The roll-out of "auto enrolment" began in 2012 on a 5-year phased basis, starting with the largest employers. The impact on the smallest employers like local councils is between 2015 and 2017. The staging dates are triggered by the employer's PAYE reference number, although employers can enrol qualifying employees in advance. The staging dates are listed in the Legal Topic Note, although the Clerk thought the staging date for Newington was February 2017.

In doing my year-end Internal Audits I have come across a couple of parish councils who have been sent a letter from The Pensions Regulator about the "automatic enrolment legal duties" with details of their "staging date". The letter requests the employer to nominate a contact as there is a series of communications about these new legal duties, which have to reach the right people. The Clerk is usually nominated as the contact, but it's the Council's responsibility to put in place a pension scheme, when the time arises.

David J Buckett CPFA DMS

14 August 2016