

Doddington 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 16 May 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 Parish Clerk, Mrs Wendy Licence for her assistance given to me during the audit itself.

Previous Audits:

External Audit 2015-16

The external auditors PKF Littlejohn signed off Section 3 of the Annual Return for the year ended 31 March 2016 on 20 September 2016. There was one minor comment regarding Box 11 being left blank on Section 2 of the Annual Return, which should be NO.

Internal Audit 2015-16

There are a couple of matters that require follow-up from my previous report relating the Transparency Code compliance, which will be covered in the "findings" below.

Internal Audit 2016-17:

Findings

The internal audit covered all the internal control objectives listed in the Internal Audit Report section of the Annual Return. The visit concentrated on the year-end accounts and the requirements for the completion of the Annual Return Section 2 (Accounting Statements), the Asset Register, VAT claims and inspection of the payment arrangements including payroll. Other matters included risk management, insurance cover and any service specific issues.

There are some items I wish to bring to Members' attention, as detailed in the following paragraphs.

Members and the Website

The Council uses the free website designed by EIS Kent a "not for profit" business unit of Kent County Council. Earlier this year, 2017, EIS Kent migrated all the local councils to the new "WordPress" based web design. Many of my clients use this free website solution and all have suffered problems with the migration, ranging from lost data to poor training arrangements. Those Clerks that have made the time and the willingness to try and sort out the migration issues, like Mrs Licence have emerged with a reasonable website, which will only

improve as the Clerks gain in confidence, experience, but more importantly the time! However, one continuing complaint is the dreadful slowness of up-loading new data to the website system. This is not reliant on the broadband speed used by the Clerks, it appears to be an issue at the KCC end. This is a matter I have raised with the Officers at KALC to see if their Executive can apply pressure on the KCC EiS Department to address this major weakness. Some clients have already switched to other website providers like Hugo Fox. I am sure the Clerk will keep Councillors informed of the website difficulties.

The website is populated with a Policies & Procedures section including Standing Orders (approved 8 June 2015) and Financial Regulations (approved 14 March 2016). There is a Finance section with information relating to 2015-16 including the Annual Return (Section 2 only). There is also a schedule of payments made over £100 and a Land & Buildings Asset Register two of the relevant pieces of information required by the Transparency Code for smaller local authorities like Doddington. It contains the two statutory items being the Disclosable Pecuniary Interests (DPI's) of Councillors, perhaps more commonly known as the Register of Interests (a link to the Swale BC website) and as previously mentioned the Annual Return information.

However, the Clerk has not fully complied with the Regulations regarding the publication of the Annual return information. As from 2015-16 onwards Section 1 and 2 of the Annual Return must be posted to the Council's website at the same time that this information is put on the Public Noticeboards advising the Public of the Inspection Period of the Accounts and should also include the 2-page Guidance to Electors Rights as per the instructions contained in the PKF Littlejohn letter sent out with the Annual Returns in March. The Annual Return is therefore published on the website BEFORE it has been audited by PKF Littlejohn. When the Section 3 (External Audit Report and Certificate) of the Annual Return is sent back signed by PKF Littlejohn, a copy of this Section must be added to the Sections 1 & 2 on the council's website along with the Notice of the Completion of Audit. All these documents must remain available to the public for a period of 5-years, the easiest way of complying with this requirement is to leave the required Annual return information on the Council's website, as the Clerk is doing. At the time of finalising this Report there is only Section 2 for 2015-16 available on the website and nothing at all for 2016-17. The Council has therefore failed to comply with the Regulations and Assertion 4 on the Annual Governance Statement. The Council will have to answer "NO" to Assertion 4 for the 2017-18 Annual Governance Statement.

Other essential information includes the agendas and minutes are available, but additional financial information such as the Annual Budget, a list of the payments made during the financial year and a detailed asset register are not yet available.

Risk Management/Insurance/Asset Register:

The Council renewed the three-year Long-Term Agreement (LTA) with Aviva, which is due to expire on 31 May 2018 (Min 15(iv) – 11 May 2015).

There are regular inspections of the playground/sports field and reports back to the Council supplemented by the Annual RoSPA Playground Inspection carried out by Craigdene Ltd (Ms Maria Cooke). Her report was discussed at the Council meeting on 13 July 2015 (Min 15ii), the main recommendation was additional signage around the play equipment regarding age limits and parish council contacts. A major review of the Risk Assessment schedules was carried out during 2015. The Risk Assessments have been reviewed again on 11

April 2016 (Min 14(i)) and included an amendment to the War Memorial risk assessment concerning access for the “elderly and disabled”. The Council received a Tree Survey report by Lushland on the trees surrounding the Playing Field in May 2017 with no major work identified.

The Council’s Asset Register has been updated for the Annual Return submission for 31 March 2017 and includes the recent £1,000 spent on the SID equipment.

Budgetary Control:

The Council considered the half-year accounts at the October 2016 meeting (Min 10(iv) – 10 Oct. 2016). The 2017-18 Budget and Precept requirement was considered in detail by the Finance Working Group and was finalised in January 2017 with a resolution to increase the Precept by £502 to £8,302 for 2017-18 (Min 11(iii) – 9 January 2017).

Bookkeeping Payments and Income:

The receipts and payments are recorded on an Excel spreadsheet. Everything was up to date and arithmetically correct. I carried out sample audit checks on the receipts and payments and found everything in order. During the year a VAT claim in respect of 2015-16 for £470 was submitted and paid in April 2016. The equivalent claim for 2016-17 amounting to £555 has been submitted and will be included in the 2017-18 accounts.

Payroll:

The HMRC “Real-Time Information” (RTI) on-line submission of employee and pay details have been submitted satisfactorily during the year. Part of the checks on the payments mentioned above included the Clerk’s salary payments. The “staging date” for the Council to consider a pension scheme for the Clerk was 1 October 2016. The Clerk advised the Council that she did not qualify for a pension scheme due to the low level of salary. The Clerk has advised the Pension Regulator accordingly and receive written confirmation that the Council has complied with the Regulations.

Bank Accounts:

At the 31 March 2017, the Council had two bank accounts with NatWest, the current account carried a balance of £50 with all other monies swept up into the Business Reserve account, which had a balance of £10,750.

Other Matters:

Transparency Code for Smaller Authorities (the Code)

Last year I reported that the Council was successful in its bid for funding towards the laptop and for the additional hours spent by the Clerk in keeping the website up to date etc. However, I did not notice any increase in the salary/hours of the Clerk to reflect this additional work, which has been supported by the Transparency Fund. There has been NO adjustment to the Clerk’s salary in recognition of this additional funding provided by the Transparency Fund. The Council are expected to “pass-on” the funding received for the additional hours to set-up and manage the website etc. to the Clerk. The Council received £684.73 from the Fund in September 2016. I understand the Clerk has submitted a further bid for on-going funding support in 2017-18.

Future External Audit Arrangements

In theory, this could be the last financial year that the Council must undergo an External Audit “limited assurance” examination by PKF Littlejohn. The Annual Return process will continue with the requirement for public examination and publication of the Annual Return on the Council’s website. At the moment, it is unclear what administrative arrangements will be put in place for this change in the annual audit arrangements. PKF Littlejohn want to complete the 2016-17 Annual Audits first before establishing what the future will be for the smaller councils below the £25,000 turnover threshold. I will be working with KALC to find out what will be put in place for 2017-18. However, if the Council receives a qualified audit opinion, this may result in a continuation of the external audit regime until a clear audit opinion is achieved.

David J Buckett CPFA DMS

1 August 2017