

## **Doddington Parish Council**

### **Internal Audit Report for the year ended 31 March 2015**

I am pleased to report to Members of the Doddington Parish Council (the "Council") that I have completed the year-end internal audit of the Council's records and final accounts for the 2014-15 financial year ended 31 March 2015. There are no significant matters to report and I have accordingly completed and signed off Section 4 of the Annual Return on 21 April 2015.

Councillors 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 the Councillors of the Council to guard against.

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 2013-14

The external auditors PKF Littlejohn signed off Section 3 of the Annual Return for the year ended 31 March 2014 on 10 September 2014. There were no matters raised by the Auditors.

##### Internal Audit 2013-14

I brought the Council's attention to the outdated Standing Orders and Financial Regulations and the new NALC Model Standing Orders and Financial Regulations. This matter is raised again in the Findings section of this Report.

#### **Internal Audit 2014-15:**

##### **Findings**

The Clerk had all the required files and records available for my Audit and draft final accounts ready to audit.

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

##### **Councillors, Standing Orders & Financial Regulations:**

The Council has an uncontested election in May 2015 following the receipt of 6 nominations. Once officially sworn in the Clerk will need to make sure that the newly elected Councillors complete a Disclosable Pecuniary Interests form. The form has to be sent to the Monitoring Officer at Swale BC who has to ensure that the Register of Disclosable Pecuniary Interests (DPI's) and non-pecuniary interests of all the Members of the Parish Council are published on the Borough Council's website. 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). Swale BC has established a direct link facility to the relevant pages on the Swale BC website, that can be posted on the Doddington PC website, which helps to avoid any discrepancies between the two websites if the details were held on both.

The Council last reviewed its Standing Orders in September 2012 and Financial Regulations September 2010. I would recommend that the Council reviews the existing documents and compares them with the NALC Model Standing Orders and Financial Regulations if only to bring them up to date in terms of the legislative requirements of the Localism Act 2011, the Local Audit and Accountability Act 2014 (e.g. Section 40 – filming and recording of meetings) and the Repeal of s.150 (5) of the Local Government Act 1972, the “two signature” rule.

### **Risk Management/Insurance/Asset Register:**

The Council has a three year Long Term Agreement (LTA) with Aviva to 31 May 2015 and will be re-tendering shortly.

The regular inspections of the playground/sports field and reports back to the Council continue and the Risk Assessment schedules have just been reviewed by the Council on 13 April 2015 (Draft Min. 13). The Annual Playground Inspection had been carried out by Craigdene Ltd (Ms Maris Cooke) and the report discussed at the Council meeting on 14 July 2014 (Min 9ii).

The Council’s Asset Register has been updated with the original values where known or a proxy value used. As a result the asset value has been “restated” for the financial year ended 31 March 2014 from £74,015 to £51,234 (Annual Return Section 1 Box 9).

### **Budgetary Control:**

The Council considered the half-year accounts at the October 2014 meeting (Min 11iv – 13 Oct. 2014). The Budget and Precept requirement for 2015-16 were finalised in January 2015 with a resolution to increase the Precept by £100 to £7,600 for 2015-16.

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

The receipts and payments are now recorded on an Excel spreadsheet making it easier to track the budget and also to audit! 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 2013-14 for £328.72 was submitted and paid. The equivalent claim for 2014-15 amounting to £260.77 has been submitted.

### **Payroll:**

The HMRC “Real-Time Information” (RTI) on-line submission of employee and pay details have been submitted satisfactorily during the year.

## **Bank Accounts:**

At the 31 March 2015 the Council had two bank accounts with Nat West, the current account carried a balance of £50 with all other monies swept up into the Business Reserve account, which had a balance of £7,084.

## **Other Matters:**

### **Transparency Code for Smaller Authorities (the Code):**

***Below is an extract of the first three paragraphs of the Transparency Code, which Doddington Parish Council will have to comply with from 1 April 2015!***

Policy context

1. This Code is issued to meet the Government's desire to place more power into citizens' hands to increase democratic accountability. Transparency gives local people the tools and information they need to hold local public bodies to account.

2. The Local Audit and Accountability Act 2014 sets out a new audit framework for local public authorities which are currently covered by the Audit Commission regime. Under the new audit framework smaller authorities, including parish councils, internal drainage boards, charter trustees and port health authorities, with an annual turnover not exceeding £25,000 will be exempt from routine external audit. In place of routine audit, these smaller authorities will be subject to the new transparency requirements laid out in this Code. This will enable local electors and ratepayers to access relevant information about the authorities' accounts and governance.

3. The Government considers that publication of the items in this Code will provide the local electorate and ratepayers with a clear picture of the activities of these smaller authorities. Most of this information is already produced by the majority of smaller authorities with a turnover not exceeding £25,000, and the Government therefore considers that compliance with this Code will not place a significant burden on these authorities.

The Kent Association of Local Councils has run three workshops during February and March 2015 to alert those smaller authorities that will have to comply with the Code. Mrs Licence attended the second workshop in Lenham on 26 February, which I hope she found useful, I was leading the workshop! The Code DOES NOT apply to local parish councils where the gross income or gross expenditure in any one year exceeds £25,000. On both counts this Council does not have gross income or expenditure above £25,000, ***so therefore has to comply with the Code.***

***To assist Councillors to understand the extent of the data to be published, I have reproduced the Annex A to the Code, which sets out the information to be published.*** Most items have to be published annually by 1 July immediately following the accounting year to which it relates, i.e. for 2014-15 all items above £100 have to be published by 1 July 2015. However, minutes, agendas and papers of formal meetings of the Council have to be published from 1 April 2015, the first meeting held after this date was the Council meeting on 13 April 2015. The agenda for the meeting was posted on the website at the due time. I noted that the agenda included two reports, if these were written reports they should

also be posted on the website as part of the “associated papers” described in the Code, 3 clear days before the meeting. In theory any papers relating to planning applications considered by Councillors should similarly be posted on the website. This Report should also be available on the website when it is discussed by Councillors. I appreciate that some of these “reports” may be coming from Councillors and may well be either a verbal report or a short note, which may be circulated at the Meeting. It is still early days in terms of the Transparency Code with several “Grey Areas” awaiting clarification. It may be easier for all concerned for the Agenda to not mention the word “report” (or possibly refer to a verbal report), where there is no written report available at least three days before the meeting. This way the Council would not be seen as breaking the Code overtly. Hopefully NALC/KALC and DCLG will provide further advice on these grey areas over the coming months.

Following the three workshops I put together 11 questions/queries to the NALC Legal/Financial advisers arising from the delegates attending the workshops. We have had some advice/answers back from NALC and there has also been further information coming out from DCLG (Department of Communities & Local Government). When I have a spare moment I will be putting together an updated note of the Code, which I understand will be sent directly to those parish councils who attended the workshops and will be made generally available via the KALC website soon after. Doddington will be sent this update.

Another issue raised at the workshops was the additional time spent by Clerks satisfying the demands of the Code, something the Council needs to be aware of.

## 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

#### All items of expenditure above £100

### Information which should be published

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:

- a. date the expenditure was incurred,
- b. summary of the purpose of the expenditure,
- c. amount, and
- d. Value Added Tax that cannot be recovered.

<b>End of year accounts</b>	<p>Annual publication no later than 1 July in the year immediately following the accounting year to which it relates.</p> <p>Publish signed statement of accounts according to the format included in the Annual Return form. It should be accompanied by:</p> <ul style="list-style-type: none"> <li>a. a copy of the bank reconciliation for the relevant financial year,</li> <li>b. 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</li> <li>c. an explanation of any differences between 'balances carried forward' and 'total cash and short term investments', if applicable.</li> </ul>
<b>Annual governance statement</b>	<p>Annual publication no later than 1 July in the year immediately following the accounting year to which it relates.</p> <p>Publish signed annual governance statement according to the format included in the Annual Return form.</p> <p>Explain any negative responses to governance statements, including how any weaknesses will be addressed.</p>
<b>Internal audit report</b>	<p>Annual publication no later than 1 July in the year immediately following the accounting year to which it relates.</p> <p>Publish signed internal audit report according to the format included in the Annual Return form.</p> <p>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.</p>
<b>List of councillor or member responsibilities</b>	<p>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:</p> <ul style="list-style-type: none"> <li>a) names of all councillors or members,</li> <li>b) committee or board membership and function (if Chairman or Vice-Chairman), and</li> <li>c) representation on external local public</li> </ul>

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.