

Newington Parish Council

Year-end 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, Mrs Wendy Licence for her assistance given to me during this audit.

Previous Audits:

Interim Internal Audit 2016-17

There were a couple of issues raised in the Interim Internal Audit report concerning the updating of the Council's website, the filming & recording protocol at Meetings and the risk to the Council of not having its own laptop. These and other matters are detailed in the "Findings" below. The Council considered my Report in March 2017.

Year-end Internal Audit 2016-17:

This audit visit concentrated on the year-end accounts and supporting documents for the completion of the Annual Return such as the Asset Register and Bank Reconciliation. I also carried out some randomly selected tests on payments made during the last few months of the financial year. Following my visit there are some observations I wish to bring to Members' attention.

Findings

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 28 July 2015) and Financial Regulations (old version approved 28 October 2014). There is a Finance section with limited information including a schedule of payments over £500 for the financial years 2015-16 and 2016-17 and the Annual Return for 2015-16. As explained last year the Annual Return must be posted to the website starting with the 2015-16 Return. The other statutory item is the Disclosable Pecuniary Interests (DPI's) of Councillors, perhaps more commonly known as the Register of Interests, which is provided by a link to the Swale BC website.

The Council approved the 2016-17 Annual Return on 30 May 2017 (Min 14 (ii & iii)). Following this the Clerk should have posted the Annual Return for 2016-17 (Sections 1 & 2) and Notice of Public Inspection & Public Rights on the Public Noticeboards and should have also posted these documents to the website. I found NO evidence that this had been done on the website. When the Section 3 of the Annual Return is signed off by the External Auditor this Section must also be posted to the website along with the Conclusion of Audit Notice and remain there for 5 years.

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:

Risk management arrangements need to be reviewed annually. I believe this used to be scheduled for the April/May meetings to co-incide with the run up to the signing off the Annual Return to support the "assertion No. 5" on the Annual Governance statement. I do not think it was done this year.

Budgetary Control/Cashbook:

I examined the last three 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. I have already reported on the setting of the Precept for 2017-18 at the December 2016 Council meeting.

Payroll and VAT:

The payroll information is provided by the payroll provider DCK Beavers who provides the payment schedules for the Clerk including the HMRC payments.

A VAT re-imburement was received in respect of the 6-month period to 31 December 2016. A further sum due for the 3-months to 31 March 2017 will be claimed in the 2017-18 financial year.

Banking Arrangements:

The year-end cash balances were all with NatWest following the repayment of the investment with Scottish Widows on 10 February 2017 (£18,785.16). The year-end balances were as follows: -

Accounts	Balance as at 31 March 2016	Balance as at 31 March 2017
NatWest Business Reserve Account	£47,633	£95,108
NatWest Current Account	£1,200	£500
Scottish Widows	£18,713	-
TOTAL	£67,546	£95,608
Less Uncleared cheques as at 31 March	-£4,832	-£4,887
BOX 8	£62,714	£90,721

The Council has invested £45,000 with the Nationwide (Min 14(v) – 30 May 2017).

Other matters:

Staff Pensions

The Council has approved a 10% contribution of the Clerks salary towards the NEST Pension Scheme (Min 10(iv) – 28 March 2017).

Confidential Items

I believe there is a misunderstanding regarding confidential items and tenders on an Agenda and how they are dealt with and “minuted”. Below are two Minute Extracts, the first being a confidential item, the second a tender.

v. Staff pensions Pursuant to Section 1(2) of the Public Bodies (Admissions to Meetings) Act 1960 and because of the confidential nature of the business to be transacted, the public and press left the meeting during the consideration of Staff Pensions

CHURCHYARD AND CEMETERY ii. To consider tenders for Cemetery and Churchyard maintenance Cllr Haigh PROPOSED to accept the quotation for enhanced work from Mr MJ Marshall, whose work has been outstanding bringing the area up to a high standard; SECONDED by Cllr Mould: AGREED UNANIMOUSLY.

It is usual for agenda papers relating to items to be discussed in “closed session” to be printed in a different colour from the rest of the agenda papers and probably marked “confidential” (i.e. beyond public access). In the meeting, the item is discussed in closed session. But when it comes to the Minute relating to the confidential item, the Minute should record the decision as concisely as possible. The Minute relating to the Staff Pensions is simply a repeat of the Agenda Item, which is not good enough. The decision was something along the lines of “Agreed to a contribution equivalent to 10% of salary towards a pension scheme”.

Similarly, regarding the Churchyard & Cemetery Maintenance tenders, the actual Minute gives the reader no clue as to how many tenders were received or the value of those tenders.

The Minute should look something like the following providing the reader with relevant information: -

The Council received 3 tenders from

- a) Joe Bloggs & Co
- b) A. Smith Associates
- c) Frank Spencer & Sons

The tender prices received were

- 1) £6,850
- 2) £7,500
- 3) £7,950

After consideration of the tenders and the references received it was decided to award the contract to A. Smith Associates for £6,850.

The reader of the Minutes will immediately know that 3 tenders were received and the Council decided to award the contract to the lowest tenderer. On another occasion, it may not be the lowest tender that wins for whatever reason, which should be stated.

The Council must be “open and transparent”, there is no such thing as “secret/confidential minutes”, there is just one set of Minutes open to public inspection since the 1972 Local Government Act. As it is now the Council could face a “Freedom of Information” (FOI) challenge. One of the unsuccessful tenderers may query why they did not win the contract, the example Minute above should provide all the answers necessary.

I hope this clarifies the point I am raising.

David J Buckett CPFA DMS

2 August 2017