

Tunstall Parish Council

Internal Audit Report for the year ended 31 March 2014

I am pleased to report to Members of the Tunstall Parish Council (the "Council") that I have completed the year-end internal audit of the Council's records and final accounts for the 2013-14 financial year ended 31 March 2014. There are no significant matters to report and I have accordingly completed and signed off Section 4 of the Annual Return on 13 May 2014, the day of my audit.

Members 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 Members of the Council to guard against.

I would like to take this opportunity to thank the Clerk to the Council, Mrs Lynda Fisher 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 2012-13

The Annual Return for 2012-13 was signed off by PKF Littlejohn on 9 September 2013. There were no comments to follow up.

Internal Audit 2012-13

There were no exceptional issues for me to follow up from my year-end internal audit carried out last year. Items that required updating are noted in the Report "findings".

Year-end Internal Audit 2013-14:

Findings

The audit covered the internal control systems in place especially the payment of invoices including the payroll. The general financial reporting to Members and the Budget discussions were inspected via the reports to the Council and subsequent minutes. The Standing Orders, Financial Regulations, insurance policies were inspected. The rest of my time was centred on the year-end accounts and supporting documents for the completion of the Annual Return and Bank Reconciliation.

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

Council Agendas, Minutes and Members:

The reporting to the Council and the subsequent minutes are of a high standard and are posted on the Council's website in a PDF format.

Last year part of the Audit covered the Localism Act 2011 and the Code of Conduct for Members. This year I have been checking to see progress on another one of the requirements of the Act, the publication of details of the individual Disclosable Pecuniary Interests (DPI's) declared by Members and their partners. The Monitoring Officer at Swale BC (SBC) has to ensure that the Register of Disclosable Pecuniary Interests and non-pecuniary interests of all the Members of the Parish Council is published on the Borough Council's website and 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 set up a direct link facility to their website to allow parish councils to simply have the web-link on their own website allowing visitors to the parish website to gain immediate access to the DIP information for that parish council. Tunstall PC has this link on the website.

The Monitoring Officer, Mr Mark Radford is of the opinion that the Swale BC direct link to parish websites is sufficient as long as parish clerks keep him and his staff informed of any changes to the Council Membership in between parish elections.

Standing Orders and Financial Regulations:

In my previous report I commented that the Council decided to defer any revision to the Standing Orders and Financial Regulations pending the release of the NALC Models of both documents due during 2013.

NALC issued a new Model Standing Orders in October 2013, which includes various references to the requirements of the Localism Act 2011, such as the Code of Conduct and DPI's.

With regard to the Financial Regulations, NALC has issued a Financial Briefing (F04E-14) advising that the Legislative Reform Order (LRO) to repeal s. 150(5) of the Local Government Act 1972 came into force on 13 March 2014. This long awaited reform allows local councils to abandon the "two signature rule". However, the Financial Briefing emphasised the need for local councils to put in place "safe and efficient arrangements" before abandonment of the two signature rule. It is essential that those local councils wishing to take advantage of this relaxation continues to maintain robust procedures and controls as part of the Council's overall financial control system.

NALC has re-issued their Model Financial Regulations, which was originally issued as a "consultation draft" in July 2012, when changes to the two signature rule was first proposed. NALC's Financial Briefing also referred to the new Appendix 11 to the Governance and Accountability for Local Councils – A Practitioner's Guide (England) 2010. Appendix 11 entitled "Safeguarding Public Money" provides guidance to local councils wishing to take advantage of the modern payment methods, whilst safeguarding the public assets in their care. It goes into great detail, describing the various types of "money" (e.g. credit/debit cards, electronic transfers), the reasons for repealing s. 150(5), the roles and responsibilities of Councils (as the responsible corporate body) the Responsible Financial Officer (RFO) and councillors.

The Clerk advised that she had circulated the two new Models for Members to consider and comeback with suggested amendments to the existing council documents.

Risk Management, Insurance Arrangements and Asset Register:

The current insurance policy with Zurich Municipal is valid until 31 May 2015. The Council has very few assets so there is no asset register and no risk management policy. The insurance policies include a Fidelity Guarantee cover of £25,000, which is adequate for the level of cash balances held by the Council.

Bookkeeping & Budgetary Control:

The bookkeeping is maintained on Excel Spreadsheets held on the Council's laptop. All the information on the laptop is back-up on a monthly basis using memory sticks which are exchanged at each Council meeting.

The Council decided to increase its Precept for 2014-15 to £8,570, which in part off-set the loss of Council Tax Support Grant (£291 in 2013-14) for 2014-15 as notified by Swale BC by letter in Nov/Dec 2013.

Payments, Payroll and VAT:

A monthly schedule of payments is prepared by the Clerk in advance of the Council meetings and is well minuted giving details of the cheque number, payee and amount. During the Audit visit I carried out a sample check on the payment system tracing invoice payments through the cheque issued to the resultant debit on the Council's bank account. No errors or omissions were found.

The Clerk is the only employee of the Council and appointed McCabe Ford Williams (Accountants) to manage the payroll process providing the Clerk with the information to draw cheques for her net salary and HMRC payment for PAYE and NI.

The amount of £186.22 VAT was reimbursed during the year relating to a claim period April 2012 to February 2013. The Clerk needs to make a claim for the 2013-14 financial year.

Banking Arrangements:

The Council's banking arrangements are with Barclays and include two accounts, which had year-end balances as follows:-

Barclays Account	Balance as at 31 March 2014
Current Account	£19,482.54
Business Saver Account	£242.28
TOTAL	£19,724.82

Other Matters:

A big issue for the Council has been the KCC plans for the school facilities for the parish.

David J Buckett CPFA DMS

27 June 2014