

Vigo Parish Council

Year-end Internal Audit Report for the year ended 31 March 2015

I am pleased to report to Members of the Vigo 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. I have accordingly completed and signed off Section 4 of the Annual Return for the year.

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.

The Audit was undertaken carried out on-site on the 27th April 2015. The Parish Clerk, Mrs Joanne Glass provided me with the year-end accounts/cash book/bank reconciliation and the year-end paperwork required for the Annual Return submission to the External Auditors, PKF Littlejohn. I would like to thank the Parish Clerk, Mrs Joanne Glass for her assistance during the audit.

Previous Audits:

Interim Internal Audit 2014-15

The interim audit was carried out in November 2014, there were several areas to follow up during the year-end Audit. The most important items were the Disclosable Pecuniary Interests (DPI's) on the parish website and Standing Orders & Financial Regulations, which were to be submitted to the Annual Meeting in May 2015.

Year-end Internal Audit 2014-15:

Findings

Apart from the DPI situation and back-up arrangements there are no significant issues to bring to Members' attention other than an update on matters detailed below.

Councillors DPI's and Council Websites:

For the last two or three Audit Reports I have been raising the issue of the lack of information on the Councils website relating to the Localism Act requirement for the publication of the Disclosable Pecuniary Interest (DPI) of parish councillors and their spouses/partners. I have explained in previous Reports to role of the Monitoring Officer:-

"The Monitoring Officer of Gravesham BC has a duty 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). “

I was disappointed to see that no further progress had been made on this matter. Allegedly there is to be closer scrutiny of compliance with the Relevant Authorities (Disclosable Pecuniary Interests) Regulations (part of the Localism Act 2011 requirements) post May 2015 Elections, which may include financial penalties.

Following the May Elections, which was “uncontested” in Vigo, now is the opportunity to bring the Council’s website up to date with the list of the newly elected Councillors and any “co-opted” since the Elections. The website has a tab called “About us” where the “Councillor” tab pops-up and a further option to view the DPI’s. The list of Councillors and their committee membership and individual roles relates to the Council prior to the Election and there is no DPI information. This should be the first part of the website that needs updating. The Council, has held its Annual Meeting so I assume the committee membership etc. has been decided. The Clerk will have by now issued the new DPI forms for all Councillors to complete to be returned to Gravesham BC. POST AUDIT NOTE: There is one outstanding DPI form to be received, but the Clerk advised that once the DPI forms have been signed and returned from the Gravesham BC Monitoring Officer, the forms will be loaded onto the website by the volunteer Councillor who manages the web-site.

Standing Orders and Financial Regulations:

The Clerk advised me that revised Standing Orders and Financial Regulations incorporating the recent legislative changes brought about by the Localism Act and the Local Audit & Accountability Act 2014 is being reviewed by the Chairman first and will probably be discussed at the Council Meeting to be held in September 2015 after the summer recess. Once approved these two documents should be posted on the Councils website.

Section 40 of the Local Audit & Accountability Act 2014 refers to the filming and/or recording of Council meetings, which came into force in August 2014. As far as I am aware the Council has not discussed this at a Council meeting, presumably because there has not been an instance of someone wishing to film/record at a meeting. The Council needs to incorporate the Section 40 requirements within its Standing Orders and Members need to be aware of the issues that have already cropped up elsewhere especially where Councillors and members of the public have objected to the filming/recording. I believe the Chairman of the Meeting can only prevent such filming/recording if it is causing a material disruption of the Meeting. KALC advisers will be able to give advice on this matter.

Risk Management/Insurance/Asset Register:

The new Aviva policies provide a £250,000 Fidelity Guarantee cover and includes a contribution to the cost of employing a “locum clerk” in the event of an injury or illness of the Clerk, preventing the Clerk to work for a period of more than 14 days. The Clerk has clarified with Came & Co., the broker that after 14 calendar days irrespective of what hours the clerk is employed for, the cover would contribute to the cost of a locum clerk from the 15th day.

The original cost value of the Council's assets as at 31 March 2015 increased to £134,184 as per the Asset Register, which also shows the insurance valuation in a separate column.

The Clerk now has a new laptop computer as the previous computer was prone to freezing. When asked about the back-up arrangements, the Clerk did admit to these not being done on a regular basis. Many of my parish council clients with part-time Clerks use memory sticks for back-up swapping the sticks over at every monthly Council meeting with the Chairman of the Council (or other nominated Councillor) to hold the back-up memory stick. Another option is using "cloud storage" facilities. POST AUDIT NOTE: The Clerk has purchased two flash drives and will swop with the Chairman at each Council meeting.

Budgetary Controls and Financial Management:

I have commented previously on the appointment of Cllrs Pat Banks and John Goodban as the Council's Internal Auditors. Cllr Goodban had just completed the latest internal audit juts prior to my Audit visit. It is one of the best Councillor driven internal audits I have come across, other Councils do have similar arrangements but are not as diligent as Vigo. Well done.

I completed my sample test checks of payments made during the last six-months of the year comparing invoices to the cheque records. The recording of the payments made including standing orders and direct debits within the Council Minutes is good. As part of the work to verify the Annual Return figures I checked the Bank Reconciliation Statement for the period ended 31 March 2015, and compared it to the Cash Book entries. Everything was in order.

The Budget for 2015-16 had been discussed by the Finance Committee and following confirmation of the tax base for 2015-16 and Gravesham BC's commitment to the continuance of the pass-porting of the Council Tax Support Grant the Budget and the Precept requirement for 2015-16 was resolved at the Council meeting held on 19 January 2015. The Council approved a 1.16% increase in Precept, £95,201 for 2015-16 (Min 1019 – 19 January 2015).

Payments (inc. contracts):

The VAT return covering the period 1 April 2013 to 28 February 2014 for £2,008.76 was received on 10 June 2014. The VAT to claim for 2014-15 amounted to £2,099.53 and was submitted on 22 April 2015.

One of the main contractors used by the Council for several years, Vigo Services is to close on the retirement of the owners. Their contract for grass cutting and grounds maintenance has been re-tendered and won by Paul Agley, but the Council has stipulated that the Company cannot tender for the tree surgery work carried out by them in the past few years.

Cllr P Banks continues calculating the PAYE/NI calculations on the Clerks salary, providing an independent check on the payroll arrangements. I inspected the year-end HMRC returns as part of the Audit.

Bank Reconciliation and Balances:

I have previously reported the cancellation of the “sweep facility” between the two bank accounts held with the Co-op Bank (Min. 150 – 19 May 2014). The funds in the Current Account as at 31 March 2015 were £21,902 with a further £10 in the Business Select account and un-presented cheques of £1,141, resulting in a net balance of £20,771 (Box 8 Section of the Annual Return).

Minute 1149 16 March 2015 records the proposal to move some of the New Year Precept monies into the Co-op Bank Fixed Rate Bonds, 50% of the Precept sum fixed for 6 months and 25% for a further 3 months. Although the Council is an existing customer of the Co-op there is still a lengthy form to complete and the Clerk needs to seek advice from the Finance Committee the exact sum to be invested and for how long.

POST AUDIT NOTE: NALC have recently issued a Financial Topic Note (F05-15 – 8 July 2015) to advise that the Prudential Regulation Authority (PRA) of the Bank of England announced a change in policy to extend the protection afforded under the Scheme to “Small Local Authorities”. Such Authorities are defined as Local Authorities with an annual budget of up to 500,000 Euros (assumed to be both income and expenditure are below the threshold). Even at the exchange rates prevailing at the moment (following the Greek bailout), this threshold is in excess of £350,000 approx. The level of protection is currently £85,000 per registered institution, but will drop to £75,000 from 1 January 2016.

Other Matters:

Vigo Neighbourhood Plan

The Clerk gave me a copy of the Pre-submission Draft Vigo Neighbourhood Plan, which was out for public consultation until 14 December 2014. POST AUDIT NOTE: I understand that the final draft is to be approved by the full Council on 27 July, it will then go to Gravesham Borough Council who will appoint an independent examiner.

Local Covenants

In the Interim Audit Report I commented on the many references to Covenant breaches in the Minutes and subsequent enforcement action and associated land ownership disputes/issues. The Council has paid £1,150 in fees to Boys & Maughan Solicitors during the latter half of 2014-15 in respect of this enforcement action.

David J Buckett CPFA DMS

5 June 2015