

Dunkirk Parish Council

Internal Audit Report for the year ended 31 March 2016

I am pleased to report to Members of the Dunkirk Parish Council (the "Council") that I have completed the year-end internal audit of the Council's records and final accounts for the 2015-16 financial year ended 31 March 2016. There are no significant matters to report and I have accordingly completed and signed the Annual Return on 16 May 2016, the day of my Audit visit.

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.

I would like to take this opportunity to thank the Clerk to the Council, Ms Louise Blackshaw 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 2014-15

The external auditors PKF Littlejohn signed off Section 3 of the Annual Return for the year ended 31 March 2015 on 19 August 2015. There were no comments from the Auditor on the Annual Return.

Internal Audit 2014-15

The report I prepared last year was considered by the Council at its meeting on 20 July 2015. The most important matter raised was the need for the Council to comply with the Transparency Code for Smaller Authorities and risk assessments.

Year-end Internal Audit 2015-16:

Findings

The main focus of the year-end Internal Audit is to verify the Final Accounts and the figures in Section 1 of the Annual Return. However, the scope of the internal audit requires sample testing of the internal controls in place, such as the arrangements for the payment of cheques. Other governance arrangements include insurance cover, risk management, bookkeeping arrangements, reporting to Members and compliance with the Transparency Code. I also reviewed the Budget Process for 2016-17.

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

Members and the Website:

Last year I commented on the need to comply with the Relevant Authorities (Disclosable Pecuniary Interests) Regulations (part of the Localism Act 2011 requirements) particularly as there had been an election in May 2015,

albeit “uncontested”. The Regulations require the Disclosable Pecuniary Interests (DPI’s) of Councillors, perhaps more commonly known as the Register of Interests, to be on the councils’ website as well as on the Swale BC website. However, most parish councils have a link to the relevant webpage on the Swale BC website, which is deemed sufficient to comply with the Regulations. The Clerk has actually created a separate webpage on the Councils’ website as well as offering the link to Swale BC.

The website, which is managed by the Clerk, has been expanded a lot in the last 12 months in part to meet the needs of the Transparency Code. The agendas and minutes are on the website, financial information is there and includes a list of the payments made during the financial year and a detailed asset register. The Governance Documents such as the Standing Orders and Financial Regulations are also on the website.

By the time Members get to see this Report the Annual Return for 31 March 2016, will have been approved by the Council. The Clerk will have reported on the change of emphasis when approving the Annual Return in that the Annual Governance Statement has to be approved prior to the Accounting Statements AND once approved and signed off a copy of the Annual Governance Statement and Accounting Statements (Section 1 & 2) has to be posted onto the Council’s website as well as the Council Noticeboards alongside the Notification of the Public Rights of Inspection. This is part of the Governments push for greater accountability and transparency. It is becoming increasingly important for Council’s to have a good website, which is up to date and easy to navigate. The Council’s website is now a statutory requirement for this year’s Annual Return 2015-16 as well as for the publication of Councillors register of interests (DPI’s). The Annual Returns have to be available for “public access” for a period of 5 years from the date of publication (as per Accounts & Audit Regulations 2015). The easiest and probably the preferred means of public access is via your website.

Standing Orders and Financial Regulations:

The Standing Orders and Financial Regulations were approved at the Annual Meeting held on 18 May 2015 and reviewed again at the same meeting on 23 May 2016. As mentioned above both documents bare on the Councils’ website.

Risk Management, Insurance Arrangements and Asset Register:

There were no changes to the insurance policies with Zurich Municipal who will be the insurance provider until the end of the three-year Long-Term Agreement in January 2017. The insurance policies include a standard Fidelity Guarantee cover of £250,000.

The Asset Register listing all of assets belonging to the Council has its own webpage. There are additional pages showing the location of the assets with matching digital photographs. The Clerk advised me that the Council proposes to give up the lease of the field used by Courtney Rangers Football Club, who want to terminate their current agreement, when the existing lease period expires on 31 December 2016. The Clerk also mentioned that the Council are considering the benefits/costs of changing the street lighting over to LED lighting.

Bookkeeping & Budgetary Control:

The accounting and reporting arrangements have not significantly changed since my last audit visit. The Clerk maintains a spreadsheet of receipts and payments, linking to the bank balance, which is used to produce reports for Members to every Council meeting along with the schedule of cheques for authorisation. The Budget for

2016-17 was discussed in December 2015, when it was agreed to keep the Precept the same, which was likely to reduce local tax bills by 1.85% in respect of Dunkirk's share (Min. 8(c) 21 December 2015).

All the data held on the Council's laptop is held on the cloud-based storage system "Drop Box", which is accessible to all Members.

Payments, Payroll, VAT and Income:

The list of the payments and the occasional income is recorded in the Minutes providing a good audit trail. The Council has contracts in place for grass-cutting and a separate one for the cemetery maintenance/tidying work with different contractors.

The Clerk uses the HMRC Toolkit for the "Real-Time" software on the Council's laptop, to calculate the PAYE and NI calculations (if any). Everything was in order and the year-end P60 produced. The Clerk's hours have remained at 12 hrs per week effective from 1 October 2014. Although the "staging date" for pension provision is October 2016 the Clerk has established that her earnings are below the earnings threshold for the time being.

The Clerk submitted VAT claims for the 6-month period to 31 March 2015 for £460.12 and for the 7-month period to 31 October 2015 for £546.14, which were re-imbursed in the 2015-16 financial year. The period from 1 November 2015 to 31 March 2016 amounting to £316.30 was claimed in May 2016.

Banking Arrangements:

The Council's two accounts with NatWest had balances as at 31 March 2016 of £7,167 in the Current Account and £18,063 in the Business Reserve Account, with outstanding cheques amounting to £286. The bank account mandate was updated following the May Elections Min 12(d) – 18 May 2015).

David J Buckettt CPFA DMS

28 July 2016