

Borough Green Parish Council

Interim Internal Audit Report for the year ended 31 March 2015

I am pleased to report to Members of Borough Green Parish Council (the "Council") that I have completed the interim internal audit of the Council's records for the financial period to 31 October 2014, following my audit visit on 7 November 2014.

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. It is the responsibility of the Members of the Council to guard against such events.

I would like to take this opportunity to thank the Clerk, Mrs Hazel Damiral for her assistance given to me during this audit.

Previous Audits:

External Audit 2013-14

The External Auditor PKF Littlejohn LLP signed off Section 3 of the Annual Return for the year ended 31 March 2014 on 11 September 2014. There were no matters raised by the Auditor.

Internal Audit 2013-14

There was one significant issue raised in my year-end Internal Audit report for 2013-14, concerning the website links of the two website domains paid for by the Council, (i.e. www.boroughgreen.gov.uk , the preferred parish council website containing details of the councillors including their DPI's, the Minutes and other related council information and www.boroughgreen.org named the Borough Green Community website, which does have a link to the Parish Council website on its homepage) to the Borough Green News website funded and operated by Cllr Mike Taylor. I was concerned that the forthright comments/views of Cllr Taylor, could be viewed by some as the view of the Borough Green Parish Council. I recommended that the direct link between the two Parish Council funded websites and the Borough Green News website be removed. I am pleased to see that the www.boroughgreen.gov.uk website no longer has a link, but the www.boroughgreen.org site does have a link albeit related to the Isles Quarry Update, which is the first item on the site. Councillors and in particular the Chairman Cllr Taylor may think I am being pedantic, but there is a lot more evidence that the various forms of social media ranging from website material to Facebook and Twitter posts are attracting a bad press, which have involved some parish councils. I will return to this matter further on in this Report.

Interim Internal Audit 2014-15:

Findings

I found the accounting records, administrative systems and record keeping of the Council to be up to-date. There are some observations I wish to bring to Members' attention, as detailed in the following paragraphs.

Code of Conduct, Standing Orders and Financial Regulations:

The adopted Code of Conduct is on the Council's website as are all the Disclosable Pecuniary Interest (DPI's).

The Council reviewed its Standing Orders based on the new NALC Model Standing Orders for Local Councils, on 6 October 2014 (Min No. 121 (i) & (ii)). The Standing Orders concerning the conduct of Meetings includes the following extract:-

m) Photographing, recording, broadcasting or transmitting the proceedings of a meeting is permitted by any means, excluding audible commentary which is forbidden.

The inclusion of this standing order is as a result of "the Openness of Local Government Bodies Regulations 2014", which permits the recording and/or filming of public meetings of the Council. There has already been some adverse publicity surrounding this greater openness from posts on Facebook, Twitter and YouTube. At the recent KALC Finance Conference, the Insurance presentation by the Broker Came & Co., went into some detail on the insurance aspects and the cover provided under the libel/slander policies. Apparently it has forced some parish councils to record their own meetings in order to counter any fallacious clips of edited material. Hopefully these extreme occurrences will be rare.

The new Standing Orders need to be uploaded to the website.

The Financial Regulations have not been reviewed since January 2012 and whilst the Council may not wish to change the current banking arrangements, it would still be worth comparing the existing Financial Regulations against the new NALC Model published in March/April 2014, which include changes to take into account the repeal of the "two signature" rule.

Risk Management/Insurance/Asset Register:

The Asset Register needs to be updated with the inclusion of the Potters Meade Pavilion and vehicle. The Clerk is planning to present an updated Register before the year-end to tie in with the Annual Return for the year ending 31 March 2015.

The Council renewed its insurance cover with Zurich Municipal at the June 2014 Council meeting (Min 35 – 2 June 2014) for a further 3 year period, expiring 11 July 2017. The Fidelity Guarantee cover is set at £250,000. Contained with the policies is the Motor policy for the Council's vehicle X705XCD.

The Council has endorsed the Statement of Internal Controls prepared by the Clerk at the July Council meeting (Min 51(ii) – 7 July 2014). The Financial Risk Control Procedures have recently been reviewed at the October 2014 Council meeting (Min 120 – 6 October 2014). A common high risk area for Councils is the playground/equipment facilities. The contractor, Landscape Services provides a regular inspection service and any minor works that need to be done are carried out by the Council's own Groundsmen, other works are carried out by contractors. An annual ROSPA style inspection is undertaken by Wicksteed Leisure Ltd.

Budgetary Control/Bookkeeping:

The Clerk maintains a manual record of transactions in a Shaw & Son Ledger with additional analysis held on the Councils' computer used to produce the budget monitoring reports. The computerised records of the minutes, agendas and financial records are backed up monthly and retained in the Parish Office.

The half-year Budget Monitoring was discussed at the October Council meeting, when the Clerk advised the Council that the Grounds Maintenance Budget for Potter Mede had been spent. There is mention of a "planned maintenance programme" for Potters Mede in the Minutes, but no programme has been produced to date. In view of the likely overspend on the grounds maintenance budget, this needs to be addressed and decisions made on where cuts have to be made in other budgets to fund this years "overspend".

Payments, Payroll (inc. contracts) & Income:

I examined the payment records, the original invoices, the cheque stubs and cheque listings in the approved Minutes of the Council comparing them to the bank statements.

The payroll arrangements for the three staff (Clerk and two groundsmen)) are satisfactory and payments to HMRC for PAYE and NI are up to date.

VAT claims were regularly submitted by the Clerk last year due to the high level of VAT incurred on the Potters Mede Pavilion. The Clerk is about to make a claim for the period from April 2014 to November 2014. I did advise the Clerk that other parish councils have been experiencing re-imbusement delays of several months.

Banking and Loan Arrangements:

A bank reconciliation is periodically included in the Minutes. The account balances as at 31 October 2014 were as follows:-

The Council has three accounts with Nat West. As follows:-

Account	Balance (£)
Current	100.00
Business Reserve	97,147.81
Capital Deposit (as at 30 Sept. 2014)	665.87
TOTAL	97,913.68

The Council has two PWLB loans, on one the payments of interest and principal fall due in June (June 2014 = £2,873.68) and December, the other one in September (Sept. 2014 = £2,752.67) and March. Annual loan repayments are approximately £11,250 per year.

Other matters:

Re-imburement of expenditure

It is quite common for there to be some re-imburement of minor expenses incurred by the Clerk and Groundsmen during the year, where no petty cash facility is held. I did find that most of the re-imburements to the Groundsmen was in respect of fuel for the vehicle and the grounds equipment. The fuel was almost exclusively purchased from Brackenhill Service Station, why not sign-up for a fuel card with the garage?

There is also a huge amount of expenditure on the re-imburement of money spent by Councillors. The most notable ones are for the ride on mower £2,290 and a hedgecutter £258. Whilst I accept that in both instances the Chairman had been given authority to source both pieces of equipment to a maximum sum of £2,500 in the case of the mower (Min 13(i)) and £200 for the hedgecutter (Min. 34 (iii)), this did not authorise payment. Regardless of the circumstances the actions are contrary to the existing Standing Orders and best practice. In the case of the hedgecutter the price paid was above the agreed maximum sum!

In the last financial year there were similar instances of the Chairman paying for goods and services during the building of the Potters Mede Pavilion. The Clerk did explain the circumstances of how and why this was happening and in nearly all cases there was subsequent ratification of the Chairman's actions. Whilst not comfortable with the situation I did question the practice. But, the continuation of this practice is contrary to the Council's Financial Regulations and cannot be ignored. The authorisation of an "urgent cheque" is a better way of dealing with these scenarios, although I do not understand why these companies cannot issue a normal invoice against an official order or letter in line with Financial Regulation 11.1.

War memorial

The Clerk advised me of the plans to erect a war memorial in the Parish and the £5,000 grant awarded by Tonbridge & Malling BC (Min. 116 (i) – 6 Oct. 2014). As it happens I have been involved with the local 100th anniversary of WW1 in my parish and an adjoining parish, with which we share a war memorial. The purpose of this note is to provide a piece of advice. Our local historical society has been working hard to gather some background information of the names on the war memorials in the two churches and the joint outdoor war memorial. Unfortunately it has brought to light names of local men who were killed in both WW1 and WW2 who are not even listed on any memorial and sadly some of the names that are listed are mis-spelt or have incorrect initials. The advice therefore is to do the research on the names and get it right first time! Perhaps fortunately there are only two known relatives of the men listed still living in the area, although the growth of people now researching their long-lost relatives, particularly those that fell in WW1, will probably bring to light more descendants of the men listed on the memorials who will want to see the names spelt correctly. I hasten to add not a job to pass onto the parish clerk as it is very time consuming!

David J Buckett CPFA DMS

28 February 2014