

Borough Green Parish Council

Interim Internal Audit Report for the year ended 31 March 2018

I am pleased to report to Members of the Borough Green Parish Council (the "Council"), that I have completed my interim internal audit of the Council's records for the six-month period to 30 September 2017, following my audit visit on 4 December 2017.

Councillors 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 Councillors 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 Hazel Damiral for her assistance given to me during my audit visit.

Previous Audits:

External Audit 2016-17

The external auditor, PKF Littlejohn LLP, signed off Section 3 of the Annual Return for the year ended 31 March 2017 on 7 September 2017. There were no matters raised by the Auditor.

Year-end Internal Audit 2016-17

There were no issues raised at the year-end to follow up other than recommended improvements to the website content, particularly the statutory requirements for publicising the Annual Return and general site navigation. The Report was considered by the Council on 7 August 2017 (Min 86).

Interim Internal Audit 2017-18:

Findings

This visit concentrated on the payment of invoices and payroll arrangements linked to the accounting arrangements. Other areas included the website, banking and insurance arrangements.

Following my visit there are some observations I wish to bring to Members' attention. There is a separate template based on my Audit Plan with notes of my findings.

Website:

Within the accompanying Audit Plan and notes on my findings I have commented on multiple versions of the Standing Orders and Financial Regulations in various parts of the Council's website. I appreciate that not many visitors to the website will be looking for the Standing Orders or other policy documents, but it would improve the look and credibility of the website if the old versions of Council Policies could be removed, when a new version is uploaded. Some

of the descriptive headings could be improved for example under the heading of Minute Archive on the “homepage” there is a sub-heading of “Misc Documents”, which includes the Standing Orders and Financial Regulations, the Finance Committee Minutes from 2016 referring to the 2017-18 Budget and Parish Plan 2014 as well as a few other documents. The Annual Return documentation is within the Misc Documents listing. It is a statutory requirement to have this information available for inspection for 5 years from the completion of the External Audit, but it is not obvious from the “homepage” where this information is held.

The Chairman of the Council is the volunteer webmaster for the Council’s website and with a bit of support from other Councillors occasionally checking the content of the website I am sure with a bit of tweaking the layout and navigation of the website would improve the “visitor experience” of the website.

Budgetary Controls:

At the time of my visit the Finance Committee had not met to discuss the Budget Monitoring position and the first draft of the 2018-19 Budget.

A recent announcement, by the Secretary of State at the NALC Conference implied that there will be no introduction of referendum principles for local councils (council tax capping) for 2018-19.

Banking Arrangements:

I have previously mentioned the fact that the Council’s funds are now protected under the FSCS compensation scheme, which is currently up to £85,000 per cumulative investment per registered institution. The Council has all its funds with NatWest across three accounts and at the 30 September 2017 this totalled £189,000, hence more than £100,000 is NOT protected by the FSCS investment protection/compensation arrangements. I appreciate that the bank balances will dwindle during the next 6 months to April 2018, but I would urge the Council to consider moving some of its funds to another registered institution. A popular investment choice by several of my clients has been the Nationwide, which offers a better return for a 6 month or 1-year investment (a Bond I believe). Another has been the Cambridge Building Society. Both options are more appropriate for a 6-12 month investment and both organisations have offered renewals terms, which avoids the hassle of changing investments and the authorised signatory lists.

With the demise of so many “local” bank branches with more to come, many clients have moved away from the traditional “High Street” banks for the current account activity and have moved to Unity Trust Bank based in Birmingham. It specialises in internet banking with a good authorisation procedure, which preserves the “2-signature” rule albeit authorisation on-line. It has its own FSCS registration and many clients have retained the NatWest account, but switched funds to Unity Trust to take advantage of the additional £85,000 FSCS protection and using the account for on-line banking.

<https://www.unity.co.uk/business-internet-banking/> , this website link provides details of the key functions and access and authorisation levels as below, the Clerk/RFO would have a “view and submit” access, Councillors would have a “view and authorise”. Setting up an account is relatively easy as it is

done remotely without the need for personal visits to the branch by Councillors to provide personal details of address, driving licence/passport etc.

Access and authority levels:

- Authorise only – authorise payments only, restrict access to view the account
- View only – access to view activity only, restrict any other activity
- View and submit – access account and set up payments **CLERK/RFO**
- View and authorise – access account and authorise payments, unable to set up payments **COUNCILLORS**
- View, submit and authorise – view the account and set up and authorise payments

Our different authority levels give you the freedom to make sure your online banking meets your organisational needs.

Triple Authority allows two people to authorise account activity processed by another person

Dual Authority allows one person to authorise account activity processed by another person

Other matters:

Annual Return process for 2017-18

There are on-going discussions within JPAG (the Joint Panel on Accounting Guidance) on the form of the Annual Return and the administration of the Annual Returns for 2017-18. JPAG includes representation from the External Audit firms like PKF Littlejohn and from what I can gather from my PKF Littlejohn contact is that the next meeting of JPAG was scheduled for 24 October 2017 and one of the issues being discussed is the acceptance of “electronic” submission of the Annual Returns. As far as the Council is concerned the Annual Return approval arrangements will not change, it is about the sending out of the blank Annual Return forms and guidance and the submission of the completed Returns and associated papers to the External Auditor (PKF Littlejohn). All will be revealed by next March 2018.

David J Buckett CPFA DMS

3 January 2018