

Tunstall Parish Council

Internal Audit Report for the year ended 31 March 2013

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 2012-13 financial year ended 31 March 2013. There are no significant matters to report and I have accordingly completed and signed off Section 4 of the Annual Return on 26 April 2013, 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. The draft figures for Section 1 of the Annual Return were available along with the bank reconciliation as at 31 March 2013. The Audit Commission also require an explanation of the variations of more or less than 15% from the previous year for the relevant boxes in Section 1. Draft explanations for Box 3 (Total Other Receipts), Box 4 (Staff Costs) and Box 6 (All other payments) were also available.

Previous Audits:

External Audit 2011-12

The District Auditor signed off Section 3 of the Annual Return for the year ended 31 March 2012 on 30 July 2012. There were no matters raised by the Auditor, Mr L E Cross.

Internal Audit 2011-12

There were no issues for me to follow up from the internal audit carried out by A J Cozens on 11 May 2012 as I understand no Audit Report was produced for the Council to consider.

Year-end Internal Audit 2012-13:

Findings

As this was my first audit visit there was a certain amount of familiarisation necessary particularly as this was also arranged at very short notice. 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 for 2013-14 were inspected via the reports to the Council and subsequent minutes. As well as the Council minutes, the Standing Orders, Financial Regulations, insurance policies and risk management arrangements 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. Following the introduction of the Localism Act 2011 one of the requirements of the Act is a change in the Code of Conduct for Members. The Council has adopted the Swale Borough Council version of the Code of Conduct (Min 6, 6 August 2012) and subsequently delegated the "dispensation arrangements" for setting the Budget to the Clerk (Min 4.3, 3 December 2012).

Standing Orders and Financial Regulations

The Council considered a review of the Standing Orders and Financial Regulations at the August Council meeting (Min 8 & 7, 6 August 2012), but decided to defer any revision pending the release of the NALC Models of both documents due during 2013. The Council has adopted Section 30 "Financial Matters" contained in the 2010 Model Standing Orders (Min. 8).

Risk Management, Insurance Arrangements and Asset Register.

The current insurance policies are with Zurich Municipal valid until 31 May 2013. 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 recording of payments made is well documented in the Council's minutes. I have advised the Clerk that payments made using the Section 137 Local Govt Act 1972 powers should be minuted such as the Annual Service contract for the Church Clock (Gillett & Johnson Ltd. Croydon).

The Council approved the payment of £900 to Kent CC as a contribution to yellow lining outside Tunstall School at the December 2012 meeting. The Clerk advised that progress on sorting out the car parking arrangements including the yellow lines has been slow. The cheque for the contribution is held by the Clerk and will soon be out of date (3 June 2013)

For the Budget 2013-14, the Clerk produced a Budget for consideration by the Council, which was considered at the January 2013 meeting. The Council opted for no increase in Precept (£8,445) and was advised of the effect on the Band D council tax at the February 2013 meeting, a 25p decrease.

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. Two signatories are required and whilst initials are evident on the cheque stubs it would be preferable to see initials on the actual invoices as well, indicating that the authorised signatories had verified the cheque details are correct and invoice evidence satisfactory.

The Clerk is the only employee of the Council and uses the Inland Revenue software to calculate the PAYE and NI position. The Council has recently appointed McCabe Ford Williams (Accountants) to manage the payroll process providing the Clerk with the information to draw cheques for her salary and HMRC payment for PAYE and NI.

There is an amount of £186.22 VAT to be re-claimed at the year-end, which has already been submitted to the VAT Office.

Banking Arrangements:

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

Lloyds TSB Account	Balance as at 31 March 2013
Current Account	£17,476.14
Capital Deposit Account	£242.16
TOTAL	£17,718.30

There is no petty cash held.

Other Matters:

Mrs Fisher's experience as a Clerk is apparent in the documentation presented to me for audit.

David J Buckett CPFA DMS

3 May 2013