

Preparation for 2017 audit

It is my duty as Responsible Finance Officer to carry out the end-of-year procedures and I am grateful to the Council for having had the opportunity to attend training recently on this aspect of my role.

I therefore need to warn the Council that it is not currently in a position to come through the 2016-17 audit without again being criticised by both sets of auditors.

To understand why, the Council needs to be reminded of the things for which it was criticised last year.

External Audit

The external auditor's criticisms can be read here:

<https://shinksey.files.wordpress.com/2012/03/issues-arising.pdf>

In summary, the two issues were failures to:

- Review the Council's risk assessment annually
- Complete the end-of-year process by the required date

The Council has addressed the first and must ensure the second does not happen again.

This means ensuring the Clerk gets the papers off to the Internal Auditor as early as possible – the Council should expect last year's mistake to be repeated if this has not happened by the date of the May meeting.

Internal Audit

The full 2016 Internal Audit report is not on the Finance pages of the website so I have reproduced below the table containing the report's nine recommendations.

R1	The Council should formally review, update and re-adopt its extant Financial Regulations and Standing Orders bringing them into line with the latest NALC model documents and extant legislation.
R2	Consideration should be given to the formal determination of a more appropriate value at which formal tender action is required based on the Council's level of retained reserves.
R3	The Council should ensure that it meets all requirements of the Transparency Code with all required information published on its website.

R4	The Council must ensure that the Risk Register is reviewed, re-adopted and minuted formally in order to meet the requirements of the 2014 Practitioner's Guide.
R5	The Council's Financial Regulations (paragraph 9.3) require the Council to review burial fees annually, formally minuting completion of the review, even where no changes are deemed appropriate.
R6	The Council should review the Clerk's contract of employment and amend it to include details of salary and home working allowance.
R7	Any changes to the Clerk's salary or other significant terms and conditions should be formally approved by the Council and recorded as such in the minutes.
R8	The Council should review the salary payment made to the new clerk for the period September 2015 to March 2016 ensuring that the apparent underpayment is adjusted accordingly in the new financial year.
R9	The Council should amend the Annual Return removing the £150 advertising costs from Box 4 and recording them at Box 6.

In my opinion, the Council has already carried out recommendations R2, R3, R4, R7 and R9. This leaves all the other four to be dealt with at the Council's final meeting of 2016-17 on 6th March 2017.

It should be noted in relation to R2 that the Council decided not to follow the internal auditor's advice and not to lower the threshold for tenders.

Proper Practices

There is a document usually called the Practitioner's Guide which has the force of law and is used by auditors when auditing town and parish councils. It can be viewed here:

<http://www.nalc.gov.uk/library/publications/1964-governance-and-accountability-for-smaller-authorities-in-england-2016-sections-1-4/file>

The 2016 edition runs to 29 pages. By contrast, the 2014 edition mentioned in the Internal Auditor's Report ran to well over 100 pages. Though aware of it, I had not found time to read it before the Internal Audit.

The main document is backed up by a Section 5 which does not have the force of law and can be viewed here:

<http://www.nalc.gov.uk/library/publications/2097-governance-and-accountability-for-smaller-authorities-in-england-2016-section-5/file>

I have read both parts of the 2016 edition and have also attended an Oxfordshire Association of Local Councils' half-day training course so I am now aware it would not be correct for the Council to say that it has a system of internal controls in place as no councillor has examined the records since I became Clerk to see if they are being kept correctly and to ensure I am not misleading or defrauding the Council.¹

Neither auditor spotted last year that the Council had probably been incorrect to say these internal controls were in place.

I have attached a template for the checks required which OALC circulated to the training course participants. The Council needs one of its members to set aside a few hours to carry out these checks on the records before the next meeting either at that councillor's home or mine.

Constraints

The main challenge is the amount of time I have available for this work before the March meeting, bearing in mind I am away on holiday for one week from 11th February.

The Council needs to consider carefully what it will expect me to do in February unrelated to the audit if it wishes me to have the time to complete the review of our Standing Orders and Financial Regulations against the national model documents that was requested by the Internal Auditor.

Geoffrey Ferres
Parish Clerk
Wednesday 1st February 2017

¹ See para 1.20 of the 2016 Practitioner's Guide on p9