

## **Bredhurst Parish Council**

### **Internal Audit Report for the year ended 31 March 2018**

I have completed the year-end internal audit of the Council's records for the year ended 31<sup>st</sup> March 2018 and signed off the Annual Internal Audit Report on 20 April 2018.

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 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 Bex Ratchford 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 2016-17

The external auditors PKF Littlejohn LLP signed off Section 3 of the Annual Return for the year ended 31 March 2017 on 17 July 2017. There was one matters raised by the Auditors relating to the change of accounting basis, which required the previous year's figures to be adjusted for comparison purposes.

##### Internal Audit 2016-17

The main concerns last year centred around the new website platform provided by EIS (KCC). Despite the hard work by the Clerk there were still issues surrounding missing data and the slowness of the uploading procedure. My Report was considered by the Council at the July 2017 meeting and the concerns over the website noted.

#### **Year-end Internal Audit 2017-18:**

The internal audit covered the internal control objectives listed in Annual Internal Audit Report of the new style Annual Governance and Accountability Return (AGAR). The visit concentrated on the year-end accounts and the requirements for the completion of the Accounting Statements, the Asset Register, VAT claims and inspection of the payment arrangements including payroll. Other matters included risk management, insurance cover and any service specific issues.

Following my visit there are some observations I wish to bring to Members' attention.

#### **Findings**

##### **Website:**

Last year I expressed concerns about the robustness of the EIS (KCC) designed website and the Council decided that the Clerk should monitor the situation and report back if necessary. I understand the Clerk still finds the website slow and difficult to use but is managing the situation as this is the Council's preferred provider.

There are two statutory requirements for the website apart from the Code, which are the publication of the Disclosable Pecuniary Interests (DPI's) of Councillors (more commonly known as the Register of Interests) and the Annual Returns. The DPI's for the new Councillors co-opted at the March 2018 meeting are now showing on the website.

By the time Members get to see this Report the AGAR for 31 March 2018, will have been approved by the Council and the Clerk will have posted a copy onto the website with the necessary accompanying Notice of Public Rights information. This year the Council was able to "exempt" itself from the external audit review by PKF Littlejohn, which gives greater weight to the compliance with the Transparency Code (the quid pro quo).

### **Standing Orders and Financial Regulations:**

The Standing Orders were adopted in May 2017 and reviewed again in May 2018. Similarly, the Financial Regulations adopted in October 2017 (Min 84) and reviewed in May 2018. Both documents are on the website with 10 other listed items under the "Policies" tab. This is a great improvement on the content available last April 2017, well done.

### **Risk Management, Insurance Arrangements and Asset Register:**

The Council renewed the insurance with Hiscox Ltd for 12 months due to the uncertainty of the lease of the field (Mins. 28 & 30 - 7 June 2017). **Post Audit Note:** A 3-year Long-term Agreement with Inspire has been agreed at the June 2018 meeting (draft Minute 27)

The Council reviewed its risk management arrangements at the July 2017 meeting and has since reviewed them again in May 2018 (Min 8c).

The system in place to monitor the playgrounds and the associated equipment has not changed from last year, with Councillors keeping an informal eye on things at least once a week, which are supplemented by the Maidstone BC's monthly inspection service with a full ROSPA inspection carried out by Craigdene Ltd. I noted the issues raised over the rip wire and having to seek additional reports due to the conflicting inspection reports.

The Asset Register has had the new fencing added during 2017-18.

### **Bookkeeping & Budgetary Control:**

The bookkeeping and budgetary control statements are held on spreadsheets are excellent and produced on a Receipts and Payments system, which is much easier to manage and understand. The Council at its meeting in February 2018 (Min 141) decided to increase the precept for 2018-19 from £10,000 to £12,418, resulting in a Band D council tax charge of £71.37. A Budget of £13,612 was agreed.

The Dropbox cloud-based backup arrangements for the Council's computer records is still in place

### **Payments, Payroll, VAT and Income:**

I found no errors or omissions in the sample check on payments from the original invoice to the issue and the clearance of the cheque against the bank account.

The Clerk uses the on-line “Real Time” Inland Revenue software to calculate the PAYE and NI position. The pay records for 2017-18 were in order. The Council should consider raising the “office allowance” paid to the Clerk, which is quite low compared to payments made to my other Clerks who work from home, saving the Council a considerable sum of money.

There was no VAT claim made during 2017-18. Last year I reported that VAT had been claimed up to October 2016, leaving £49 to claim for the period to 31 March 2017. The VAT paid in 2017-18 amounted to £1,251, this and the £49 balance from 2016-17 needs to be claimed during 2018-19. **Post Audit Note:** The 2017-18 Claim has been made and payment received.

### **Banking Arrangements:**

The bank reconciliation as at 31 March 2018 was: -

<b>Nat West Bank Account</b>	<b>Balances as at 31 March 2018</b>
Current Account	735.35
Business Reserve	11,462.21
TOTAL	12,197.56
<b>LESS</b> unpresented cheques	235.71
Bank/Cash balances as at 31 March 2017	11,961.85

There is no petty cash held.

### **GDPR:**

The General Data Protection Regulation (GDPR) came into force on 25 May 2018. At this stage I am only seeking to establish that the Councillors are aware of the Regulation and the Council is planning a response to the implementation deadline and the appointment of a Data Protection Officer (DPO).

The Clerk has attended a GDPR Workshop and reported back to the February 2018 Meeting. One of the issues for parish councils was, who to appoint as the Data Protection Officer (DPO). NALC have issued a briefing to say that Councils are to be exempted from having to appoint a DPO. However, most of my clients have engaged the services of external companies offering to undertake a data risk assessment and other work to ensure the Council is compliant with the GDPR. This is a significant amount of work to do to become compliant. One of the areas for consideration are dedicated e-mail addresses. The Clerk’s e-mail address is [bredhurstpc@live.co.uk](mailto:bredhurstpc@live.co.uk) Similar addresses could be set-up for each Councillor. This way the content of “parish council emails” can be contained under the one e-mail address, which would help towards the Council’s compliance with GDPR. The Council’s website designer and or webmaster maybe able to advise on the technical matters of setting up a generic style e-mail address, which also gives a more professional feel. Encryption of data is another issue for Councils to address. **Post Audit Note:** The Clerk has since advised that the Chairman has a parish council specific e-mail address, I would strongly advise that ALL other Councillors follow suit as I understand that they would be personally responsible for any breaches etc.

**David J Buckett CPFA DMS**

**23 June 2018**