

Risk Assessment

HIGH 0
MEDIUM 3
LOW 13

Bredhurst Parish Council
INTERNAL AUDIT 2019-2020
AUDIT PLAN WITH COMMENTS / FINDINGS

I am pleased to report to Members of the Bredhurst Parish Council (the “Council”), that I have completed my annual internal audit of the Council’s records for the twelve month period to 31 March 2020, following my remote audit and subsequent conversations on 2 June 2020.

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, Ms Bex Ratchford for his assistance given to me during my audit visit.

Area	Item	Comments / Findings Annual Audit 2 June 2020
Previous Audits	<ul style="list-style-type: none"> • Date of last External Audit Certificate or Exemption Certificate • Comments if any • Publication on website. • Date of last Internal Audit Comments if any • Review of any items outstanding from previous internal / external audit reports. 	<p>Certificate of Exemption signed 1 May 2019, Gross income £24,953 and Gross Expenditure £16,660</p> <p>Certificate posted to the website with the rest of the AGAR 2018-19.</p> <p>5 May 2019 – Considered by Council – 5 June 2019 Min 34b, the Clerk commented on the difficulty of managing the EiS website in terms of complexity and speed of response. On-line banking to be investigated Min 34c</p>
Minutes	<ul style="list-style-type: none"> • Scan of the minutes of the Council’s meetings and the Finance Committee. • Localism Act 2011 • General Power of Competence ? • Dispensations • S.40 LA&A Act 2014 filming/recording 	<p>There are some decisions that are being minuted within the “matters arising” section such as the appointment of a solicitor regarding advice on the Barn lease, where it simply states, “solicitor engaged”. The Minutes should as a minimum state “who has been engaged/appointed etc” A similar thing happened with the acceptance of the insurer for the Barn, which I gather had to be in the name of the Developer, although the Council paid the premium!</p> <p>Community Barn Working Party established to decide on specific suppliers and costs of individual items with a quorum of Cllrs Jones and Carr plus one other Cllr including spending budgets set out in Min 107 - Council 6 Nov 2019</p>

<p>Code of Conduct/ Acceptance of Office</p>	<ul style="list-style-type: none"> • Date adopted • Any changes in elected/co-opted members since last Audit ? • DPI's complete • DPI's on website or weblink • New Governance Compliance • NEXT ELECTION ? 	<p>There have been no changes to the 7 Cllrs listed on the website during the year.</p> <p>The DPI's are available via a weblink to the Maidstone BC website.</p> <p>May 2020 Elections deferred until 2021 all existing Councillors are remaining on the Council.</p>
<p>Standing Orders and Financial Regulations</p>	<ul style="list-style-type: none"> • Have they been formally adopted and applied? • Have any changes been made since they were adopted or the last audit? • Have any changes been formally adopted by the Council? • Updated re New NALC Models SO's 2018, Fin Regs 2019 ? • Two signature rule still in place? 	<p>Standing Orders and Financial Regulations reviewed 1st May 2019 at the Annual Parish Council Meeting Min 8a & b. Other policies were reviewed at the same time. All are on the website.</p> <p>A Scheme of Delegation of Powers due to Covid-19 situation was approved and adopted in April 2020 via a Microsoft Teams meeting 17 April 2020 Min 171</p> <p>Yes</p>

<p>Risk Management</p>	<ul style="list-style-type: none"> ● Risk Assessments – Are they: <ul style="list-style-type: none"> ○ Carried out regularly? ○ Adequate? ○ Reported in the minutes? ○ ANNUAL REVIEW ? ● Insurance cover – is it: <ul style="list-style-type: none"> ○ Appropriate/Adequate? ○ LTA in place? ○ Reviewed regularly? ○ Fidelity Guarantee Cover £ (Balances + ½ Precept) ● Internal controls – are they: <ul style="list-style-type: none"> ○ Documented? ○ Adequate? ○ Reviewed regularly? ○ Statement of Internal Control (SIC)? ● Systems and Procedures – are they: <ul style="list-style-type: none"> ○ Documented? ○ Adequate? ○ Followed? ○ Reviewed regularly? 	<p>The General Risk Assessment schedule is on the website as is the Litter Pick and Fire hydrant Risk Assessments, both these risk assessments will form part of the annual review of risks. Reviewed 1 May 2019 Min 8e & f</p> <p>The system in place to monitor the high risk playgrounds and the associated equipment involves a Councillor carrying out an inspection with the aid of a checklist at least once a week (the checklist is periodically sent to the Clerk), which are supplemented by the Maidstone BC’s monthly inspection service with a full ROSPA inspection carried out by Craigdene Ltd.</p> <p>The Vice Chairman of the Council, Cllr Carr has produced a H&S Compliance Pack and a Maintenance Pack, which was going to be signed off by a Health & Safety Consultant and then published once signed off. Council 6 Nov 2019 Min 107</p> <p>Insurance cover is provided by AXA (Inspire) via Came & Co (Brokers). A Long-term Agreement in place, which expires on 31 May 2021. I viewed the relevant documents for the period 1 June 2019 to 31 May 2020 inc Employers Liability Certificate and Public Liability.</p> <p>Fidelity cover limit is £150,000</p> <p>The insurance arrangements for the Barn is a curious one in that the Council has insured the contents on its own policy mentioned above (Council min 123d), but the “buildings insurance” has to be in the Developer name BUT the Council pays for the premium (Council 6 Nov 2019 Min 105d)</p> <p>There are 18 policies and procedures etc listing on the Council’s website, which includes the Blacksmiths Barn Conditions of Hire. The Clerk explained that there is a “hire form” but the Council wishes to revisit the Conditions of Hire and Hire Form at a future Meeting. When this has been done both documents should be made available via the website to download</p> <p>The most recent addition is the “Delegated Powers Terms of Reference – COVID-19”</p>
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<p>Budgetary Controls</p>	<ul style="list-style-type: none"> • Is the annual budgeting process reported and approved by the Council? <ul style="list-style-type: none"> ○ Budget/Precept amounts minuted? • Is the actual performance against the budgets reported to the Council during the year <ul style="list-style-type: none"> ○ Compare with Fin Regs? • Are significant variances explained in sufficient detail? 	<p>The Budget set for 2019-20 was £17,410 and a Precept of £16,71 equating to a Band D tax of £88.66pa</p> <p>The Clerk provides a financial statement and bank reconciliation at each Council Meeting and a Budget Report Quarterly</p> <p>Budget & Precept 2020-21 – Council 5 Feb 2020 Min 145</p> <p>b) The budget report for the third quarter was reviewed and accepted.</p> <p>c) The draft budget for 2020-21 was considered. It was agreed to set the budget at £18,324. This includes £1250 for tree maintenance, £3000 for playground repairs and £1500 for village maintenance and projects which remain to be agreed. The expected income from sources other than precept is £1236. The precept was agreed at £18,000 to maintain reserves at their current figure. These figures do not include the barn as it was agreed to budget for this separately. The expected income from the Barn is £5000 and the expected expenditure is £2504, although these figures are of necessity estimates.</p>
<p>Section 137 expenditure</p> <p>£8.12 FOR 2019-20 (£7.86 FOR 2018-19)</p>	<ul style="list-style-type: none"> • What is the cash limit for the year? • Is a separate account/analysis kept? • Has the cash limit been exceeded? • Have the spending powers been properly used and Minuted? 	<p>S137 powers not used in 2019-20</p>
<p>Book-keeping</p>	<ul style="list-style-type: none"> • Cashbook - is it: <ul style="list-style-type: none"> ○ Fit for purpose? ○ Up to date? ○ Arithmetically correct? ○ Balanced regularly? 	<p>The Excel spreadsheets maintained by the Clerk are excellent and very much “fit for purpose”.</p> <p>During the year, the Council took out a lease on the “Barn” and have invested a lot of money into the project. The Clerk has maintained a separate schedule of receipts and payments within the Cash Book.</p>

<p>Petty Cash</p>	<ul style="list-style-type: none"> • Has the amount of petty cash float been agreed? • Are all petty cash entries recorded? • Are payments made from petty cash fully supported by receipts / VAT invoices? • Are petty cash reimbursements signed for? • Is petty cash reimbursement carried out regularly? • Is petty cash balance independently checked regularly? 	<p>N/A</p> <p>The Clerk is the only employee (contracted hours was 40 hrs pm, increased to 45hrs pm Council 4 Mar 2020 Min 166)</p>
<p>Payroll</p>	<ul style="list-style-type: none"> • Who is on the payroll and are contracts of employment in place? • Who is the RFO? • Have there been any changes to the establishment during the year? • Have there been any changes to individual contracts during the year? • Have new appointments and changes to contracts been approved and minuted? • Do salaries paid agree with those approved by the Council? • Have any ad-hoc payments or benefits been appropriately approved? • Have PAYE/NIC requirements been properly applied and accounted for? • Payroll outsourced? • WORKPLACE PENSION IN PLACE 	<p>The pay scale for 2019-20 approved by Council – 5 June 2019 Min 39</p> <p>Council 4 Mar 2020 166. Staffing review (closed session) Members of the public and the clerk left the room for this item. Due to increased workload and responsibility for the Barn plus investigation and moving of data to a new web provider, it was agreed to increase the clerk's hours to 45 per month and to increase the pay scale to SCP 12, backdated to the beginning of December 2019. It was agreed to pay the overtime since December at the higher rate.</p> <p>The following comments reflect my personal view of the average rate of pay for Parish Clerks. I obviously welcome the fact that the Council has reviewed the workload and rate of pay as mentioned above. BUT can I ask does an hourly rate of just over £11 per hr reflect the skills required of the modern day Clerk? Ironically, I noted that the Council is prepared to pay a rate of £20 per hr for the gardener (was this work tendered/quotes sought?) at the Barn. As Councillors are aware your current Clerk is excellent, very efficient and very skilful and has recently taken on more challenging work of developing the new website. Now a good website is crucial for every parish council and has to be compliant with the Accessibility Regulations (see last page of this Report) as well as being well laid out making navigation of the site easy for your residents and Covid-19 has raised the importance of a well run Parish Council, including information on the website. The national pay scales are there for guidance to Councillors, but in my view do not reflect the skill set required of a Parish Clerk, which include administrative, communication, financial, IT and website skills together with the inter-personal skills required.</p> <p>With the Clerk's increase in the contracted of hours per month the Council as the "employer" needs to check whether a Workplace Pension Scheme needs to be offered to the Clerk and make sure the Pension Regulator is aware of the situation.</p>

<p>Payments</p>	<ul style="list-style-type: none"> • Are all payments recorded and supported by appropriate documentation? • Are payments minuted? • Review of DD's and SO's ? • STAFF costs definition for inclusion in Box 4 for 2019-20, check parity for 2018-19 ? Currently includes salary, tax, NIC & Pension (employee & ers) + taxable benefits (home working allowance, broadband & phone allowance etc NOT incl. • Has VAT been identified, recorded and reclaimed? • Are items above a de minimus amount purchased competitively? • Have internal control procedures been adhered to? • Contracts: <ul style="list-style-type: none"> ○ What contracts exist? ○ Compliance with SO's/Fin Regs ○ Have any new contracts or contract variations/extensions been awarded in the year? ○ Procedures adopted for letting of contracts ○ Have contract payments been made in accordance with the contract document? 	<p>Payments are minuted each month showing the method of payment, payee and purpose and amount with VAT element shown separately. Most payments are made by cheque with a BACS payment for the Clerks salary and expenses.</p> <p>DD to be set-up for the Barn electricity.</p> <p>Staff cost definition complied with.</p> <p>VAT Claim submitted – 1 April 2018 to 30 June 2019 - £2,706.38 Received 27 Aug 2019 VAT to claim to 31 March 2020 = £2,043</p> <p>Sample contract/services in place - Barge – grounds mtce. Lucanus Services – Community Field annual tree survey plus any works agreed Council 4 Feb 2020 Min 139 Harraway Trees – Horse chestnut decay survey VE White solicitors – Barn Lease checking Oct 2019 payments Gill Turner Tucker Solicitors – Barn Lease execution Nov 2019 payments The Waterhouse Group – Barn Insurance Nov 2019 payments Mona Cleaning – Cleaning of the Barn Rachel Ford – Barn gardener 4 Dec 2019 Min 123h</p> <p>Several of the contracts above relate to the new Community Barn two in respect of legal advice/support and two more relating to the “cleaning of the hall” and the “gardening” around the hall. I can accept that the legal advice was required urgently and did not need to follow the Council’s Financial Regulations relating to contracts (Fin Reg 11.1.8), but it should have been minuted to “waive Financial Regulations”. The cleaning and gardening contracts however, should have followed the Regulations and three quotes sought. The first mention of the position of cleaner/caretaker for the Barn (two applications received) or for the post of a gardener (one application) was in the Minutes in December 2019. Furthermore the Working Party had no remit regarding this matter and should have been discussed at Council prior to any advertising of the two positions. The Council needs to consider this breach of the Financial Regulations and act accordingly.</p>
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<p>Receipts</p>	<ul style="list-style-type: none"> • Are all receipts recorded correctly? • Are all receipts promptly banked? • Precept, CTSG and Sect 136 payments • Are internal controls of cash adequate? • Are invoicing arrangements adequate? 	<p>Hire rates for the Barn approved Council 4 Dec 2019 Min 123f, £12.50phr and £20phr.</p> <p>Barn income inc grants and donations amounted to £11,544 and rental income £1,854 (NB Barn payments to 31 Mar 2020 = £10,689)</p> <p>The Developer linked with the Barn is to contribute £3,000pa on 1st October for the first 5 years towards the running costs. Council 4 Sept 2019 Min 67. 2019 £3,000 contribution recd 5 Dec 2019</p> <p>CIL payment in respect of the Blacksmiths Court development = £2,594 recd 25 Oct 2019</p>
<p>Bank reconciliation & PWLB Loans</p>	<ul style="list-style-type: none"> • What current/deposit accounts exist? • FSCS aware and compliant? • Are bank reconciliations regularly carried out for each account? • Level of Balances to Precept ratio • Are the cheque counterfoils, paying-in books and bank statements adequately referenced? • When was the last review of the banking arrangements? • Internet Banking/Corporate Card ? • Signature review (Two signatures required?) • Any PWLB loans ? 	<p>The NatWest a/c's (3943) and (0799) (in total £26,687.46) were closed on 16 Dec 2019 and the funds transferred to the Unity Trust Bank.</p> <p>As at 31 March 2020 the Council had £23,618 in the Unity Trust Bank account (6823)</p> <p>Council 3 July 2019 Min 55c approved the transfer to internet banking with Unity Trust Bank (account opened with £500 deposit 28 Oct 2019)</p> <p>Council 4 Dec 2019 Min 126a reported that Unity Trust account fully open</p> <p>The Council has retained the "two signature" authorisation. The Clerk has set up all Cllrs to be authorised signatories. Best Practice is to rotate the Cllrs nominated to sign-off the internet payments and that this is done within 24-48hrs of the Council Meeting.</p> <p>No loans</p>

<p>Assets and Asset Register (AR)</p>	<ul style="list-style-type: none"> • Are all the material assets owned by the Council recorded in an AR ? • Is the AR up to date? • Basis of Asset Values? • Are investments recorded? • • Are the valuations regularly reviewed? • Does the AR show the insurance values ? • Digital Photographic evidence? • Is there a separate Inventory List of low value items (e.g. below the insurance excess levels) ? 	<p>The Council signed a “lease” for the use of “Blacksmiths”, Bredhurst Community Barn, Forge Lane. Council 4 Sept 2019 Min 67 for 15 years. I have suggested the leased Barn is added to the Asset Register as a “memo” item only with brief details of the Lease agreement</p> <p>The Asset Register is up to date and includes the new Zip Wire at a cost of £11,000. The other additional items related to the “fitting out of the Barn” amounting to £9,005 as at 31 March 2020.</p> <p>The total Asset Value declared as at 31 March 2020 = £54,072 a net increase of £14,672 as scrapped assets and their value have been removed</p> <p>I noted also that CCTV equipt was “gifted “ to the Council (4 Dec 2019 Min 123) worth £5,500 and reported in April 2020 Minutes that the CCTV and alarm system had been installed and fully operational.</p> <p>NB assuming the CCTV equipt is for “external use” then consideration needs to be given to a CCTV policy/protocol approved and adopted by Council as well as it being mentioned in the Conditions of Hire (ie so that hirers are aware that CCTV is in operation). The policy/protocol would include things like who has access to the recordings & for what purpose and how long are the recordings kept etc. Possibly the Police need to be advised of its availability via the PCSO.</p>
<p>Year-end procedures Inc. AGAR</p>	<ul style="list-style-type: none"> • Does the AGAR Statement of Accounts agree with the cashbook? • Is there an audit trail from the financial records to the accounts? • Have debtors and creditors been properly recorded? • Date of approval of AGAR & Certificate of Exemption if applied • PROOF of public rights provision during summer 2019 & website– AIAR ICO L • New governance compliance regime - refer to new Practitioners’ Guide 2019 	<p>Accounting records were checked against the figures to be used in the AGAR Statement of Accounts for 2019-20, including the Bank Reconciliation.</p> <p>NB the Council has exceeded the financial threshold of £25,000 in both Gross Receipts and Gross Payments in 2019-20 and will therefore be subject to an “external review” by PKF Littlejohn. The Clerk is aware of what is required.</p> <p>Certificate of Exemption and AGAR Part 2 signed off on 1 May 2019 Min 15 ci & cii</p> <p>Date of Announcement – 2 May 2019 Public Inspection period – 17 June to 26 July 2019 Evidence – The Clerk provide evidence of posting dated 11 May 2019</p>

<p>Additional tests – (as necessary)</p>	<ul style="list-style-type: none"> • Computer systems: <ul style="list-style-type: none"> ○ The procedures for the backing up of computerised records ○ Council owned PC/laptop ? ○ Email security ○ Encryption of data? • Record keeping and the arrangements in place to store previous year’s accounts etc. • Annual review of the effectiveness of Internal Audit inc. Appointment of IIA • Annual Statement of Internal Control • Website host and Webmaster • Website functionality & accessibility NALC L09-18 • TRANSPARENCY CODE compliant ? • Post GDPR (25 May 2018) <ul style="list-style-type: none"> ○ Privacy Notice ○ Cllr email addresses? ○ Email disclaimer ○ Other matters 	<p>There is no change to the Dropbox cloud-based backup arrangements for the Council’s computer records. As a back-up a Cllr has the password.</p> <p>I was re-appointed as the Independent Internal auditor for 2019-20 – 1 May 2019 Min 15b</p> <p>Website provided by EiS part of KCC. The platform is to be discontinued in Sept 2020 an alternative platform to be developed by Cantium (the new name for KCC commercial arm) subject to sufficient PC’s committing to the development. (NB most of my Clients that use this platform have already moved to other providers as Cantium have NO website to view and use and the pricing structure is expensive compared to other established website platforms)</p> <p>Website Accessibility Regs reported by the Clerk and the EiS position to be investigated by Cllr Carr. Council 4 Sept 2019 Min 76c Council 2 Oct 2019 Min 87 - EiS would not be compliant Council 4 Dec 2019 Min 124 - agreed not to sign up with Cantium Council 4 Mar 2020 – investigations pointed to two most likely providers Wix or Vision ICT. Action 7: Clerk to continue testing providers and send details of sample websites to cllrs. Post Audit Note: The Clerk advised that the Council has chosen the Wix website platform, which the Clerk is building during lockdown. I discussed the “accessibility issues” with the Clerk and suggested several other parish websites with accessibility apps to view and possibly “bolt-on” www.brenchleyandmatfield.co.uk and www.wrothampc.org</p> <p>There are several GDPR related policies/documents that have been approved by the Council and on the website including a Privacy Notice. Noted that most Councillors do not have a parish specific email address and encryption of emails The Clerk does have an email disclaimer, which could be adopted by Councillors. The Clerk is aware that the Allotment tenants need advising on the data held for allotment purposes and will action when time permits.</p>
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