

## **Bredhurst Parish Council**

### **Internal Audit Report for the year ended 31 March 2019**

I have completed the year-end internal audit of the Council's records for the year ended 31<sup>st</sup> March 2019 and signed off the Annual Internal Audit Report on 11 April 2019.

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 2017-18

In previous years the external auditors PKF Littlejohn LLP have carried out an external "limited assurance review" of the Council's Annual Return, which is now been re-styled and re-named the Annual Governance and Accountability Return (AGAR). This coincides with the change in governance arrangements, which permits smaller authorities where the higher of gross income or gross expenditure was £25,000 or less, that meet the qualifying criteria, and that wish to certify themselves as "exempt" from a limited assurance review. These changes came into effect for the financial year 2017-18. For 2017-18 the AGAR Statement of Accounts recorded total gross annual income as £13,788 and total gross annual expenditure as £17,691, well below the £25,000 threshold. The Certificate of Exemption was signed by the Responsible Financial Officer and Chairman on 2 May 2018.

##### Internal Audit 2017-18

My main concerns last year were the apparent slowness and clunky navigation around the EIS (KCC) website platform, which is used by many other small parish councils in part because it is free. The other matter to follow-up concerns the Council's response to the General Data Protection Regulation (GDPR), which came into force on 25 May 2018. My Report was considered by the Council at the July 2018 meeting (Min 51 b).

#### **Year-end Internal Audit 2018-19:**

The internal audit covered the internal control objectives listed in Annual Internal Audit Report of the 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:

The website content has expanded over the last 12 months and contains a long list of the policies adopted by the Council including several related to the GDPR such as the Privacy Notice and review of the Media Policy. The financial information page now has information relating to the last three financial years, as well as the Annual Return/AGAR information (a statutory requirement) there is also the list of payments made during the year in compliance with the Transparency Code. Part of the conditions of “exemption” from the “limited assurance review” is that more information must be published alongside the AGAR and public rights information. This includes the Bank Reconciliation Statement as at 31 March as well as the list of variances in income and expenditure between the two financial years on the AGAR that exceed 15%. Both items had to be provided to the External Auditor in previous years and would have been part of the approval process of the Statement of Accounts shown on Section 2 of the AGAR. Hence, there is no relaxation of the information to be provided to Councillors to approve and sign-off the AGAR each year, BUT this information must be published on the Council’s website and the public noticeboards (during the 6-week period of public inspection of the Accounts)

The other statutory requirement for the website apart from the AGAR information is the publication of the Disclosable Pecuniary Interests (DPI’s) of Councillors (more commonly known as the Register of Interests). The DPI’s of the co-opted Councillors co-opted are now on the website. The next Election is in May 2020.

### Standing Orders and Financial Regulations:

The Standing Orders and Financial Regulations were adopted in during 2017 and reviewed again in May 2018. The Clerk will be bringing forward the two core policy documents to the May 2019 Meeting for review. Along with any other policies that should be reviewed annually.

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

Last year I reported as a “Post Audit Note” that a new 3-year Long-term Agreement with Inspire had been agreed at the June 2018 meeting (Min 27)

The Council reviewed its risk management arrangements in July 2017 and reviewed them again in May 2018 (Min 8c). Confirmation of an annual review of risks is a requirement of the Annual Governance Statement, which the Clerk will bring forward in May 2019.

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. 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.

Although the Council has paid 50% of the cost of the new Zip Wire in 2018-19 the new asset will not appear on the updated Asset Register until it has been installed and operational, which I understand is scheduled for completion in May 2019. **Post Audit Note:** The Clerk has since advised that the Zip Wire has been installed.

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

The excellent bookkeeping and budgetary control statements held on spreadsheets have not changed, which are used for budget monitoring reporting to Councillors.

The Council at its meeting in February 2019 (Min 134) approved several increases in budget for 2019-20 such £3,000 for playground maintenance and repairs as well as further sums for other general maintenance and replacement items around the village. Taking into account expected income the agreed Budget of £17,410 required a Precept request of £16,171 (£12,418 – 2018-19) for 2019-20.

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 2018-19 were in order.

A VAT claim covering part of 2016-17 and for 2017-18 amounting to £1,300.50 was received in June 2018. The VAT paid in 2018-19 amounted to £1,404 will be claimed during 2019-20.

### **Banking Arrangements:**

The bank reconciliation as at 31 March 2019 was: -

<b>Nat West Bank Account</b>	<b>Balances as at 31 March 2019</b>	<b>Balances as at 31 March 2018</b>
Current Account	561.73	735.35
Business Reserve	19,753.53	11,462.21
TOTAL	20,315.26	12,197.56
<b>LESS</b> unpresented cheques	60.21	235.71
Bank/Cash balances as at 31 March	20,255.05	11,961.85

There is no petty cash held.

### **GDPR:**

The General Data Protection Regulation (GDPR) came into force on 25 May 2018. As already commented, there are several GDPR related policies/documents that have been approved by the Council and on the website.

Following NALC's subsequent advice, the Council did not appoint a DPO. I noted that most Councillors do not have a parish specific email address and encryption of emails I gather the Council felt this was not necessary. 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.

**David J Buckett CPFA DMS**

**5 May 2019**