

Egerton 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 31st March 2019 and signed off the Annual Internal Audit Report on 18 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, Mrs Heather James for the assistance she gave me during the audit, which as last year was carried out over two mornings on the 19th March & 18th April 2019. I would also like to thank the Councillors and volunteers regarding the other accounts relating to the Egerton Update (Claire Foinette) and the Computer Centre (David Austin).

Previous Audits:

External Audit 2017-18

The external auditors PKF Littlejohn LLP signed off Section 3 of the Annual Return for the year ended 31 March 2018 on 5 September 2018. In 2017 the Council had failed to make proper provision for the exercise of public rights as the correct information was not published on the website at the same time as the noticeboards. This was picked up by the PKF Littlejohn in their report last year and the Council therefore had to answer "NO" to Assertion No. 4 on the Annual Governance Statement, when completing the AGAR for 2017-18. Unfortunately, this was not done and PKF Littlejohn have commented accordingly including the failure to comply with the Auditors instructions, an infringement of Assertion No. 7. The signing-off the Section Statement of Accounts for 2017-18 was not correctly done either, but hopefully these minor errors will not arise for the AGAR 2018-19.

Internal Audit 2017-18

There were several matters to follow up from the 2017-18 Audit Report including progress with the new website design and content to improve the Council's transparency. The Council's response to the introduction of GDPR will be followed up.

Internal Audit 2018-19:

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 website content, risk management, insurance cover and any service specific issues.

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

Council's Website and Minutes:

I have commented before on the Clerk's diverse role and Mrs James is very much a "jack of all trades", but her nemesis has been the website, but the changeover to the Hugo Fox web design has made things a lot easier. As part of my audit I inspected the website for content, which has improved immensely from previous years using the EIS web design. There are still areas for improvement, but this is largely down to available time and capacity of the Clerk.

The two statutory content requirements, the Disclosable Pecuniary Interests (DPI's) of all the Councillors and the Annual Governance & Accountability Returns (AGAR formerly known as the Annual Return) are on the website. The DPI's can be viewed via a link to the Ashford BC website, which will be updated following the May 2019 Election results including those for Egerton, which the Clerk advised that 14 candidates were contesting the 9 seats available. **Post Audit Note:** The Ashford BC website is now updated with the election results.

The AGAR for 2018-19 (Sections 1 & 2) is on the website and will have the Section 3 added when signed off by PKF Littlejohn around August/September 2019. I have previously explained that the Annual Return (AGAR) information must be available for public inspection for a period of 5 years and the easiest way of complying with this is to retain the AGAR information on the website. **Post Audit Note:** Since my visit the Clerk advised me that she was going to get help from Cllr Elworthy to maintain the website. I have spoken to Cllr Elworthy to explain the sort of things that would improve the transparency of the Council via information posted to the website. I have revisited the website whilst writing this Report and there is a big improvement. The Annual Return (AGAR) information under the "Finance" tab is excellent and goes back to 2013-14.

Under the "Statutory Documents" page the latest versions of the approved Standing Orders and Financial Regulations, which were both updated and approved 3 April 2018. Other documents include the Statement of Internal Control, the Risk Assessment Schedule and a copy of the Governance & Accountability Practitioners' Guide. NALC have recently published a new Model Financial Regulations 2019 available to download from their website (also on the KALC website), it would be sensible to compare this Model with the existing set of Financial Regulations and update/tweak them as necessary, something a willing Councillor could do perhaps.

Last year I commented on the lack of agendas or minutes of the various Committees of the Council on the website and that the Minutes of the Council do not specifically refer to the Minutes from these Committees or any decisions made. There is still some improvement in transparency that should be considered such as the posting at least the Minutes of the other Committees such as the Finance Committee.

Insurance, Risk Management and Asset Register:

The 3-year Long Term Agreement (LTA) for insurance cover with Hiscox expired on 31 July 2018. A new 3-year Long Term Agreement (LTA) with Inspire (AXA) has been accepted from 1 August 2018 to 31 July 2021, BUT I could not find any Council Minute approving the new LTA or mention of the tendering process, which included quotes collated by Came & Co and a comparison quote from Zurich Municipal. The quotes should have been an agenda item and the decision should have been minuted! There is separate insurance for the Computer Centre.

The Council has a good approach to conducts Risk Assessments, especially those covering the higher risk areas like play areas with a weekly visual inspection of all the play facilities carried out by Cllr Buchan and a RoSPA

style annual inspection by Wicksteed. The Risk Assessment Schedule was approved at the 3 April 2018 Meeting. And the schedule on the website. The review of the Risk Assessments MUST be done annually.

There has been no change to the Asset Register during the year with the total value remaining at £261,449 as declared on the AGAR Statement of Accounts for 31 March 2018 and 2019.

Bookkeeping & Budgetary Control:

The Budget/Precept proposals for the forthcoming year were considered by the Council. on 4 December 2018. The Council subsequently noted the calculated 2019-20 precept request to Ashford BC of £18,418 (£18,331 for 2018-19. The details of the approved Budgets for 2019-20 totalling £37,055 were included as an appendix to the 8th January 2019 Minutes. It would be preferable to have the Budget details shown under the Financial Page for 2019-20 on the Council website, which would inform parishioners on where their parish council tax is to be spent. In earlier years (e.g. 2017-18) the Minutes and the Budget figures have been posted to the relevant financial year.

Payments, Income, Payroll and VAT.

The approved schedule of payments prepared by the Clerk in advance of the Council meetings are recorded in the Minutes giving details of the cheque number, payee and amount, although most payments are now processed by BAC's when possible. Payments connected with the Computer Centre and Egerton Update are also mainly bank transfers and when actioned are listed separately in the Council minutes.

Random checks were carried out on the payment arrangements and the invoicing across all the activities of the Council including the Games Barn, Computer Centre and the Egerton Update magazine. The Clerk as the Responsible Financial Officer is very reliant on the volunteers who manage these facilities and the banking arrangements. The sample checks carried out did not reveal any errors of significance. The multiple spreadsheets and bank accounts does not make life easy when compiling the AGAR figures for the whole Council.

The Clerk uses the Inland Revenue software to calculate the PAYE and NI position and part of my checks included the year-end return and P60 produced. The current Clerk does not wish to take up her workplace pension entitlement and has registered this with the Pension Regulator.

The VAT for 2017-18 amounting to £1,304 which was submitted in May 2018, the claim for 2018-19 for £1,811 has been submitted as follows

EPC = £1460.32 Games Barn= £117.67 Computer Centre= £233.22 submitted 29/04/19

Banking Arrangements:

The Council's Lloyd's Bank banking arrangements during the audit year have not changed other than some of the authorised signatories to the 8 bank accounts. There may be a need to make further changes subject to the outcome of the May 2019 Election. The bank balances as at 31 March 2019 across all the accounts amounted to £63,166 compared to £63,365 the previous year, a minimal change. The Clerk will need to provide another explanation for the high level of Reserves (more than twice the Precept i.e. £63,166 compared to £18,329) to satisfy the External Auditor, PKF Littlejohn.

GDPR:

The General Data Protection Regulation (GDPR) came into force on 25 May 2018. In my Report last year, I reported that the Council appointed Satswana for one year (Min 4h – 3 April 2018). The Clerk reported to Council in December 2018 on an email from Satswana containing 9 attachments. Advice was to be sought from KALC and the neighbouring Smarden Parish Clerk (Min 4h – 4 Dec 2018). At the time of my visit (April 2019) there were no documents or policies in place. **Post Audit Note:** Cllr Sarah Elworthy and Cllr John Lawton are dealing with this matter.

This needs to be addressed urgently as the Council is very proactive within the community with such activities as the Computer Centre, Games Barn and Egerton Update magazine involving the retention of a lot of personal data be it an advertiser in the Egerton Update or users of the Games Barn etc.

Copies of a suitable Privacy Notices, email disclaimers are available within the GDPR Toolkit available to KALC affiliated Councils like Egerton, from the NALC website, although this is something Satswana can also advise on. The Clerk did advise that the use of dedicated e-mail addresses such as one similar to the Clerk's e-mail address clerkegertonpc@hotmail.co.uk is being looked into with a suitable disclaimer. **Post Audit Note:** Cllr John Lawton has purchased some email addresses and will instigating their implementation.

David J Buckett CPFA DMS

8 August 2019