

Eastling 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 31st March 2018 and signed off the Annual Internal Audit Report on 9 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 Parish Clerk, Mrs Wendy Licence for her assistance given to me during the audit itself.

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 13 September 2017. Due to late submission of the Annual Return for the previous year 2015-16, there should have been "no" recorded against Assertions 4 & 7 in the Annual Return for 2016-17.

Internal Audit 2016-17

There are a few matters to follow up on from my Report for 2016-17 including progress with the website content and the Transparency Code compliance. This audit will follow up any matters arising.

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 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.

Findings

Members and the Website

The Council uses the free website designed by EiS Kent a "not for profit" business unit of Kent County Council, the Clerk is the "webmaster". It contains the two statutory items being the Disclosable Pecuniary Interests (DPI's) of Councillors, perhaps more commonly known as the Register of Interests (a link to the Swale BC website) and the Annual Return (now known as the AGAR from 2017-18) information. The 2016-17 Annual Return is on the website as is the 2017-18 AGAR with the Certificate of Exemption from the need for an External limited Assurance Review. There is however, additional year-end information that must be posted to the

website, which includes the analysis of any significant variations (i.e. above £200) between years and a copy of the bank reconciliation as at 31 March 2018. Both items are part of the normal reporting procedures and have been published on the Council's website. Other financial information includes the schedule of payments made during the year that were above £100, a Transparency Code requirement.

There may be some tweaks to the AGAR and Exemption process for next year as there has been some confusion amongst the smallest parish councils over the new Exemption arrangements, March 2018 being the first year.

The website is populated with a Policies & Procedures section including Standing Orders and Financial Regulations which were approved in January 2017. NALC has published a new Model Standing Orders in April 2018, which includes all the relevant legislation from the previous 5-years. I would suggest that the Council reviews its current Standing Orders against the new Model and updates accordingly.

Risk Management/Insurance/Asset Register:

The Council's insurance cover was provided by Aon up to expiry of the LTA on 7 February 2018. A new policy has been taken up via BHIB insurance brokers with Inspire (AXA) includes Fidelity Guarantee cover to £150,000. I gather there was some confusion over the renewal date of the LTA exacerbated as it fell between the scheduled bi-monthly Council Meetings and as such there is no formal minutes approving the new LTA and there is no reference to the payment being made, including in the schedule of payments made during 2017-18 over £100. All approved payments should be minuted as part of the audit trail.

I mentioned last year that the Council had approved a Risk Assessment Policy (Min 13 - 10 May 2017) but noted that the Council planned to review the policy every 2 years. The Council **must** review the policy every year as per Assertion 5 of the Annual Governance Statement, which expects the Council to carry out an annual review of risk, be it financial risk or physical or other type of risk. **Post Audit Note:** The Clerk advised that the Risk Assessment adopted on 10 May 2017 was for 2017-18.

The Council's Asset Register has been updated with the addition of the new noticeboard reflected in the AGAR for 31 March 2018.

Budgetary Control and Bookkeeping:

The Council receives regular updates on the Council's financial position from Cllr Payne. At the January 2018 Meeting the Council considered the Budget proposals for 2018-19 and agreed a Precept Request of £5,137 for 2018-19, equivalent to a £35 Band D Council Tax levy.

I found no errors or omissions in the accounting records provided to me by Cllr Payne and the Clerk.

A VAT claim for the last 3 years up to 31 May 2017 was claimed on 13 June 2017, but because of the change of bank account, the Council did not receive the re-imbursement until 27 July 2017. A claim for the period from 1 June 2017 to 31 March 2018 needs to be made.

Payroll and Payments:

The payroll position has been regularised since the appointment of Mrs Licence as Clerk. The HMRC on-line Real Time Information system is used to calculate any PAYE and NI liability and the Council has agreed to pay a NEST

contribution of £177 towards a workplace pension for the Clerk. The Clerk is contracted to work 12 hrs per month and is paid on a quarterly basis.

The management of the payments is carried out by Cllr Payne, which includes a BACs payment facility via the new bank account with NatWest. I found no errors or omissions in the Excel spreadsheet used to manage the accounts, although the insurance premium payment was not reported properly as previously mentioned.

Bank Accounts:

At the 31 March 2018, the Council had two bank accounts with Nat West, the current account carried a balance of £50.00 with all other monies in a Business Reserve account, which had a balance of £4,028. There was one outstanding payment due to NEST at the year end. A copy of the year-end Bank Reconciliation is on the website as required by the AGAR and Certificate of Exemption rules for the year ending 31 March 2018.

Other Matters:

Transparency Code for Smaller Authorities (the Code):

I have already referred to the website content earlier in this report, which has been enhanced to comply with the Transparency Code, with more information to be uploaded. The Council was again successful in another bid (£452) for funding towards the additional hours spent by the Clerk in keeping the website up to date etc.

The Council are expected to “pass-on” the funding received for the additional hours to set-up and manage the website etc. to the Clerk.

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. The Council appointed Cllr J Payne as the Council’s DPO in March 2018 (Min 16 – 21 Mar 2018), when the need for a General Privacy Notice and Data Audit was mentioned.

One of the areas for consideration are dedicated e-mail addresses. The Clerk’s e-mail address is eastlingpc@gmail.com. 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 per councillor, which helps towards the Council’s compliance with GDPR.

Post Audit Note: Following my visit the Clerk has sorted out an email disclaimer.

David J Buckett CPFA DMS

24 October 2018