

Wouldham Parish Council

Internal Audit Report for the year ended 31 March 2017

I have completed the year-end internal audit of the Council's records for the year ended 31st March 2017 and signed off the Annual Return (Annual Internal Audit Report) on 7 April 2017.

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, Mrs Nicky Grimes for her assistance given to me during this audit.

Previous Audits:

External Audit 2015-16

The external auditors PKF Littlejohn LLP signed off Section 3 of the Annual Return for the year ended 31 March 2016 on 28 September 2016. There were several "other matters" raised by the Auditors. Several related to Section 2 the Accounting Statements for 2015-16. The main issue was that the period for the exercise of public rights was less than the 30 consecutive working days.

Internal Audit 2015-16

There were several matters to follow up from the 2015-16 Audit Report such as progress with the website content, review of Standing Orders and Financial Regulations, asset register and computer records back-up arrangements. These and other matters are covered in the Audit Findings.

Year-end Internal Audit 2016-17:

The internal audit covered all the internal control objectives listed in the Internal Audit Report section of the Annual Return. The visit concentrated on the year-end accounts and the requirements for the completion of the Annual Return Section 2 (Accounting Statements), the Asset Register, VAT claims and inspection of the payment arrangements including payroll. Other matters included risk management, insurance cover and service specific issues.

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

Findings

Council's Website:

In my Report last year, I commented on the need for the Council to have a good website. It is an important method of communication with residents as well as being part of the statutory requirements for local councils. From the 2015-16 the Annual Returns must be available for "public access" for a period of 5 years from the date

of publication (as per Accounts & Audit Regulations 2015). The Clerk has created a “Finances” page, which includes the Annual Return information. There is also a statutory requirement to publish the details of Councillors register of interests, more frequently referred to as Disclosable Pecuniary Interests (DPI’s). This time last year neither the Annual return of the DPI’s were on the website. The 2015-16 Annual Return can be viewed on the Finances web-page as can the recently added 2016-17 Annual Return with the Notice of Public Rights to inspect the accounting records, which support the figures in the Annual Return Section 2 the Accounting Statements for 2016-17.

The Annual Returns must be available for “public access” for a period of 5 years from the date of publication (as per Accounts & Audit Regulations 2015). The easiest and probably the preferred means of public access is via your website.

There is a lot of information provided by the website under the “Forms & Policies” tab, including some detailed financial information. Other pages include the Agendas and Minutes.

The Council uses the free website designed by EIS Kent a “not for profit” business unit of Kent County Council. Earlier this year EIS Kent migrated all the local councils to the new “WordPress” based web design. Many of my clients use this free website solution and all have suffered problems with the migration, ranging from lost data to poor training arrangements. Those Clerks that have had the time and the willingness to try and sort out the migration issues, like Mrs Grimes have emerged with a reasonable website, which will only improve as the Clerks gain in confidence and experience. However, one continuing complaint is the dreadful slowness of up-loading new data to the website system. This is not reliant on the broadband speed used by the Clerks, it appears to be an issue at the KCC end. This is a matter I have raised with the Officers at KALC to see if their Executive can apply pressure on the KCC EIS Department to address this major weakness. Some clients have already switched to other website providers. I am sure the Clerk will keep Councillors informed of the website difficulties.

Standing Orders and Financial Regulations:

The Standing Orders were last reviewed by the Council at the meeting held on 2 December 2014 (Min No. 17.3 – 2 December 2014). The Financial Regulations were updated in January 2015. Both documents on are the website, but need to be brought up to date. Other policy documents that need to be regularly reviewed by the Council such as the Internal Control Procedures, Internal Audit Checklist, Risk Assessment and the Complaints Procedures are published on the Council’s website under “Policy and Financial Documentation”, but like the Standing Orders need to be brought up to date as most are dated December 2014.

Insurance/Asset Register:

The Council’s Long-Term Agreement (LTA) with Aviva (via Came & Co. Brokers) expires on 9 September 2017. The Policy includes the village hall, which is managed by the Wouldham Village Hall Committee. The Parish Council pays the insurance premium as part of the financial arrangements with the Village Hall Management Committee. With regard to the Insurance Contract, Came & Co can be approached to provide new quotes, but these should be “bench-marked” against a separate quote from Zurich Municipal, a major player in the local council insurance market, but do not quote via a broker.

The Council’s Risk Assessment document identifies the areas of risk including the physical assets of the Council such as the play equipment as well as financial and legal risks. The risk management arrangements have not

changed much since my last audit visit other than the Clerk has a “cloud” based back-up for the laptop, which is part of the “Hotmail” system. The high-risk play equipment is regularly inspected monthly by Cllr Parris and is supplemented with professionally conducted annual ROSPA style inspection.

The Asset Register has been up dated with the inclusion of the car-park CCTV and the telephone box.

Budgetary Control/Cashbook:

The accounting records are maintained on an Excel spreadsheet held on the Council’s laptop. Councillors receive regular budgetary control and bank reconciliation statements. The Council considered the Budget for 2017-18 at an Extraordinary Council meeting held on 10 January 2017 and agreed a Budget of £34,606 resulting in a Precept of £32,154 taking into account the loss of the TWBC S.136 grant (£5,408) and other income expected during the year. The detailed minutes relating to the Budget/Precept setting is available on the website. The completion of the Statement of Accounts for the Annual Return was a much easier task this year compared to 2015-16.

Payments, Payroll (Inc. contracts) & Income:

The Council has two employees, the Clerk and a Litter Warden, Mr Rance who works 8 hours per week. The payroll is outsourced to Arkadia. I checked a random sample of payments against the invoices and found no errors or omissions. Most payments are made by BACs with very few cheques drawn during the year.

During the year the Council received £19,668 of other income, which was mainly grants from TWBC and KCC. Included in the income were two VAT refunds one for £1,480 covering the period January 2015 to January 2016 (received in April 2016) and another one for £878 covering the period February 2016 to September 2016 (received in Nov. 2016). The VAT claim for £1,943 covering the period October 2016 to March 2017 was submitted and received in April 2017.

Banking Arrangements:

The Council’s banking arrangements have not changed from the sweep facility between the two Nat West bank accounts and another deposit account with Nationwide Building Society that had a year-end balance of £30,373. The balances in the NatWest accounts totalled £11,685 as at 31 March 2017.

The Clerk is a signatory to both the bank account and the building society account. There is a risk with this arrangement and requires Councillors to exercise their duty of “due diligence” to the full and under no circumstances should the Clerk be signing a cheque as one of the required two signatures.

David J Buckett CPFA DMS

3 July 2017