

## **Wouldham 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 31<sup>st</sup> March 2018 and signed off the Annual Internal Audit Report on 24 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 Clerk, Mrs Nicky Grimes for her assistance given to me during this audit.

#### **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 2016 on 17 July 2017. There was one "except for matter" raised by the Auditors relating to the correct order of approval of the Annual Return, i.e. the Section 1 Annual Governance Statement MUST be signed before consideration of Section 2 the Accounting Statement and the Minute references should support this "pecking order".

##### Internal Audit 2016-17

The matters to follow up from the 2016-17 Audit Report include progress on the review of Standing Orders and Financial Regulations. These and other matters are covered in the Audit Findings. The Clerk explained that my Report had been circulated to all Councillors by e-mail. Ideally, the Report should be formally reported to a Council meeting and any discussion/outcomes minuted. Please make sure this is done for this Report.

#### **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 risk management, insurance cover and any service specific issues.

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

## Findings

### Council's Website:

In my previous reports I stressed the need to have an up to date website containing the essential information like agendas, minutes, financial information and the policies and procedures adopted by the Council. The two statutory requirements, the publication of the Annual Returns (AGAR's from 2017-18) and the details of Councillors register of interests, referred to as Disclosable Pecuniary Interests (DPI's) the must be available on the website. The Annual Returns have to be available for "public access" for a period of 5 years from the date of publication (as per Accounts & Audit Regulations 2015) and can be found on the "Finances" page. The conclusion of the "Audit" should also be displayed on this webpage once PKF Littlejohn have signed-off the Annual Return (AGAR). The information for 2015-16 and 2016-17 were on the website at the time of my visit and now includes the 2017-18 AGAR as well. It would be nice to have the Council's "Annual Budget detail" on this webpage as well, providing the residents of Wouldham an insight into how the parish council tax levy is being spent.

### Standing Orders and Financial Regulations:

The following paragraph was in my Report last year, unfortunately nothing has moved on during 2017-18. NALC published a new Model Standing Orders in April 2018. I would strongly recommend that the Council adopts the NALC Model 2018 Standing Orders and similarly the 2016 version of the Financial Regulations. Both documents can be found on the KALC/NALC websites and downloaded in a "Word" format so can be easily amended to suit Wouldham including the deletion of some sections entirely that will not apply to Wouldham. This should be a relatively easy "fix".

Post Audit Note: I understand from the Clerk that the Council has reviewed several policies including the Standing Orders, Financial Regulations, Risk assessments and Media Policy. However, the practice of reviewing the policies via email sent to Councillors and responses to the email, if any incorporated into a new version of the "policy", is NOT good practice especially as there is no updated policy posted onto the website. Most of the versions of policies shown on the website were reviewed in December 2014, which implies to the resident/elector of Wouldham viewing the website that these important policy documents have not been reviewed since 2014. The revised/amended "policy document" following receipt of responses from Councillors MUST be brought to a Council Meeting for formal adoption, otherwise any challenge concerning say the correct committee procedures would be difficult to defend if the latest version of the Standing Orders has not been formally adopted by the full Council. **Therefore, the Clerk must bring forward all the latest versions of the various "policies and procedures" for the Council to formally adopt and properly minuted.** These adopted versions can then replace the existing version on the website.

### Insurance/Asset Register:

The Council's Long-Term Agreement (LTA) with Aviva (via Came & Co. Brokers) expired on 9 September 2017. The Clerk obtained new quotes from Came & Co and a comparative quote from Zurich Municipal. The Council selected Zurich Municipal for a 3-year LTA to September 2020 (Min 14.1 – 5 Sept 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.

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 Assessment document on the website is dated 2 December 2014, although I believe was last reviewed in October 2016 and hence needs updating like the other policies and procedures.

The Asset Register has been up dated with the defibrillator.

### **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 2018-19 at an Extraordinary Council meeting held on 16 January 2018 and agreed a Budget of £41,875 resulting in a Precept of £39,423 taking into account other income estimated to be £2,452. The detailed minutes relating to the Budget/Precept setting is available on the website under "Precept Minutes January 2018". The regular reporting of the cashflow position at each Meeting and attached to each set of published Minutes enabled the completion year-end accounts and therefore the AGAR for 2017-18. Well done.

### **Payments, Payroll (Inc. contracts) & Income:**

The payroll and payment arrangements have not materially changed since my last visit, but the reporting has greatly improved with the "cashflow statement including the bank account position minuted. The Council has two employees, the Clerk and a Litter Warden, Mr Rance who works 8 hours per week with the payroll outsourced to Arkadia a payroll bureau. I checked a random sample of payments against the invoices including the payroll payments and found no errors or omissions. Most payments are made by BACs with very few cheques drawn during the year. There are regular Standing Orders and Direct Debits set-up for such things as energy supplies. The Council also approved the provision of a corporate debit card facility for the Clerk to use (Min 16.1 – 2 May 2017), payments made by this method are recorded accordingly.

During the year the Council received £10,393 of other income including a VAT refund of £1,944 covering the period October 2016 to March 2017 received in April 2017. Other income includes allotment income.

### **Banking Arrangements:**

The Council's banking arrangements have not changed from the one Nat West bank account and another deposit account with Nationwide Building Society that had a year-end balance of £30,387. The balances in the NatWest accounts totalled £13,878 as at 31 March 2018.

The account signatories were reviewed at the AGM in May 2017, the Clerk and three Councillors are signatories to the NatWest bank accounts and the Clerk and one Councillor to the building society account. **Post Audit Note:** The same signatory arrangement was endorsed by Council at the AGM in May 2018 (Min 8.1 & 8.2 – 1 May 2018)

### **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).

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.

One of the areas for consideration are dedicated e-mail addresses. The Clerk's e-mail address [clerk@wouldhampc.gov.uk](mailto:clerk@wouldhampc.gov.uk) 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, which would help towards the Council's compliance with GDPR. The Council's website designer/provider maybe able to advise on the technical matters of setting up a generic style e-mail address, which also gives a more professional feel. Encryption of data is another issue for Councils to address.

**Post Audit Note:** The Clerk has advised me that the Chairman of the Council felt the cost of dedicated email addresses were not good value for money. The Clerk also sent me a copy of the e-mail sent out to all Councillors concerning the new GDPR requirements and the keeping of personal information especially. The Clerk has sought advice from the Clerk at Burham, which is a good idea. However, because a discussion on this matter has been conducted via email, there is no evidence that the Council has considered anything on GDPR within the Minutes!

#### **Other Matters:**

##### Discussion and decision by email

Whilst I acknowledge the advantages of getting information out to Councillors quickly via email is useful and the sending of agendas and other papers by email to Councillors, to save postage costs is widespread. BUT where necessary these matters MUST be formally discussed by Councillors at a Council Meeting. The item must be on the "agenda" and minuted accordingly, hence recording the fact that GDPR compliance was discussed by Councillors, the Standing Orders and Financial Regulations were reviewed and formally adopted etc etc . There MUST be a trail that any resident/elector can follow to verify that the Standing Orders have been properly approved that the Council has discussed GDPR and acted accordingly, whatever that may be.

**David J Buckett CPFA DMS**

**31 August 2018**