

Wouldham 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 8 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, Mrs Nicky Grimes for her assistance given to me during this audit.

Previous Audits:

External Audit 2017-18

The external auditors PKF Littlejohn LLP signed off Section 3 of the Annual Governance and Accountability Return (AGAR) for the year ended 31 March 2018 on 31 July 2018. There was one "other matter" raised by the Auditors relating to the failure to make proper provision for the exercise of public rights during 2018-19, i.e. the publication of the AGAR for 2017-18, which would have been for a 30-day period commencing no earlier than 4 June 2018, by posting the required information including the AGAR form on the Councils website and simultaneously on the parish noticeboards. **As a result, the Council MUST answer NO to Assertion 4 on the Section 1, Annual Governance Statement for 2018-19.** The Clerk is aware of this requirement.

The Clerk should have placed the External Auditors report i.e. the signed copy of Section 3 of the AGAR on a Council agenda for the full Council to formally acknowledge with an appropriately worded Minute. I gather the Clerk emailed the External Auditors Report to all the Councillors but did not have the Report as an agenda item and hence the reason why there is no formal minute of the Council receiving and responding to the Report, which is a requirement of the Annual Governance Statement.

Therefore, the Council MUST answer NO to Assertion 7 on the Section 1, Annual Governance Statement for 2018-19.

Internal Audit 2017-18

In my Internal Audit Report last year, I made the observation that my Report for 2016-17 had not been properly considered by the full Council. The same thing happened with the 2017-18 Report, i.e. the Clerk emailed my Report to all Councillors, BUT this is NOT enough as explained above regarding the External Auditor report.

Hence again the Council MUST answer NO to Assertion 7 "We took appropriate action on all matters raised in reports from internal and external audit"

Year-end 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 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 Responsibilities and Decision Making:

It has been made clear to me that the Clerk has erroneously been assuming the current practice of emailing external reports like the two "audit reports from PKF Littlejohn and myself" is enough, IT IS NOT! There is no harm in sending these Reports and other documents to all Councillors in advance of discussion at a full Council meeting.

BUT these items MUST for included as an item on the Council Agenda to formally discuss/debate and resolve any action required and/or formally adopt/acknowledge the contents of the Reports. Also copies of these Reports would normally be made available for any members of the public attending the Council Meetings along with the Agenda.

Similarly, I have discovered that most of the Policies and Procedures adopted by the Council have been dealt with in a similar way. The Clerk advised that she put hard copies of all the policies in a file with a signature box to sign that Councillors had read them. The Clerk then edited them with any changes suggested by Councillors and posted them on the website i.e. the Standing Orders and Financial Regulations dated April 2018 as listed on the Council's website were adopted by the Council on 3 April 2018. There is absolutely NO EVIDENCE that this was done. There is no mention of these items within the Agenda for 3rd April 2018 and no corresponding Minute. **In other words, all the policies and procedures of the Council that have been adopted in this way with NO agenda item listed or any Minute stating the adoption/approval of the said policies and procedures are probably NOT legally adopted policies and procedures. This fact can be checked with Clive Powell the Adviser at KALC and I would strongly advise that this is clarified as soon as possible.**

I imagine that this situation regarding the policies and procedures can be easily rectified by the Clerk listing these policies and procedures on future Council Agendas and the Councillors at the Council Meeting formally consider and adopt all these policies with an appropriate Minute recording the Council decision. The approved policies and procedures can then be re-loaded onto the website with the date and preferably the Minute Reference on the front page of all the documents.

As it stands the whole Council must make all the decisions on policies and procedural matters, the whole Council approves the setting of the Annual Budget and resultant Precept Request, the whole Council

must review the internal control arrangements and risk management each year. These are just a few of the decisions the Council must make as a corporate body, no decision can be delegated to a single Councillor and only exceptionally would an item be delegated to the Clerk and any such delegation MUST be Minuted accordingly.

I have discussed this issue with the Clerk and whilst Mrs Grimes has tried to move the Council forward in terms of having more policies and procedures, populating the Council's website and much better financial reporting in place, she is very aware that the Council must be seen to be properly considering policies and Reports etc at Council Meetings with a resultant Minute.

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. There are 9 sets of DPI's on the website, which will be replaced with the new DPI's of the 8 elected candidates in May 2019.

The Annual Returns and AGAR's 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.

Insurance/Asset Register:

The Council has a 3-year LTA to September 2020 with Zurich Municipal (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. I understand the Village Hall Committee and Council are striving to achieve a new village hall in the future.

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 April 2018, but as mentioned above there is NO minuted evidence that the Council approved or adopted this document.

The Asset Register has been up dated with the new car park bollards, lifebuoys and noticeboard, an increase in value of just over £4,000.

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 2019-20 at an Extraordinary Council meeting held on 15 January 2019 and agreed a Budget of £49,985 resulting in a Precept of

£47,533 considering 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 2019". The regular reporting of the cashflow position at each Meeting and attached to each set of published Minutes enabled the completion year-end accounts for 2018-19.

Payments, Payroll (Inc. contracts) & Income:

Each month the Clerk prepares a schedule of payments for approval and the subsequent Minutes include a cashflow statement and the bank account position. The Council has two employees, the Clerk and a Litter Warden, whose salaries are calculated independently by 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 £35,585 of other income including a VAT refund of £8,300 covering the period March 2018 to October 2018. The Council received a £15,000 grant from KCC towards a pathway across the Recreation Ground and a further £5,500 from KCC Members Grants for some bollards at the car park and for traffic management measures.

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 £30,433. The balances in the NatWest accounts totalled £11,138 as at 31 March 2019, some £3,000 less than the previous year.

The account signatories were reviewed at the AGM in May 2018 (Min 8.1 & 8.2), the Clerk and three Councillors are signatories to the NatWest bank accounts and the Clerk and one Councillor to the building society account.

GDPR:

The General Data Protection Regulation (GDPR) came into force on 25 May 2018.

One of the areas for consideration are dedicated e-mail addresses for Councillors. The Clerk's e-mail address clerk@wouldhampc.gov.uk Similar addresses could be set-up for each Councillor. However, the Clerk is hoping to set-up individual Gmail accounts for the new Councillors following the Election results. 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. Other GDPR driven policies and procedures has been the establishment of a General Privacy Notice and a specific notice for all staff and councillors.

Other Matters:

Elections May 2019

The Council has a compliment of 8 councillors. There are 9 nominations for the Election to be contested on Thursday, 2 May 2019.