

High Halden 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 17 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 the course of 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 Susan Wood for the assistance she gave me during the audit.

Previous Audits & Financial Health Checks:

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 21 August 2017. There were no matters raised by the Auditors.

Internal Audit 2016-17

There were no significant matters to follow up from the 2016-17 Audit Report, other than to check that the Council did take my advice to annually review the Risk Management arrangements, one of the assertions in the Governance Statement. **Post Audit Note:** This was reviewed at the May 2018 Council meeting and has now been added as a standing agenda item for the March meeting.

Year-end Internal Audit 2017-18:

Findings

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.

Website, Council Agendas & Minutes:

The website has the Disclosable Pecuniary Interests (DPI's) of Councillors and the required copies of the Annual Return posted onto the website including the new style AGAR for 31 March 2018. The list of Councillors and associated DPIs need to be updated, Cllr Simon Robinson who was co-opted in November 2017 is not listed. Cllr

Pickering and Cllr Burlton (who resigned in April 2018) are still listed as parish councillors. **Post Audit Note:** The Clerk has asked the webmaster to make the changes.

The detailed Minutes include a list of payments approved at the Meetings and a list of receipts received since the last meeting.

Standing Orders and Financial Regulations:

The website includes the Council Standing Orders and Financial Regulations, which were last reviewed in September 2014 and June 2016 respectively. NALC have recently issued an updated version of their Model Standing Orders 2018, which the Clerk is aware of and will place a review of the two documents on a future agenda.

Risk Management, Insurance Arrangements and Asset Register:

The Long-Term Agreement (LTA) for insurance services with Zurich Municipal expires on 31 May 2019.

The Council adopted its Risk Management Policy in June 2016. I advised the Council that the risk management arrangements must be reviewed annually as part of one of the “assertions” listed in the Annual Governance Statement. At the time of my audit visit the Council had NOT reviewed the risk assessments during 2017-18 and should in theory answer “No” to Assertion 5 on the Annual Governance Statement 2017-18, the completed Governance Statement answered “Yes”. I reminded the Clerk that this must be done and have noted in the draft Minutes for 14 May 2018 that an updated Risk Register including a new section for the GDPR was approved (Min 102/18).

The Asset Register for the year-end 31 March 2018 increased to £222,369 to include two defibrillators and new fencing around the children’s play area.

Bookkeeping & Budgetary Control:

The Clerk maintains a “hand-written” ledger as well as Excel spreadsheets, providing budget monitoring reports to the Finance Committee.

At the November 2017 meeting of the Finance Committee the Clerk presented a half-year Monitoring Report for 2017-18 (Min 28/17FC) and at the same meeting the draft Budget for 2018-19 was circulated. The draft Budget included assumptions for the Concurrent Functions Grant and Council Tax Support Grant. The proposed Budget showed an excess of £3,000, which was also discussed by the full Council in November 2017. A revised draft Budget 2018-19 was tabled at the 8 January Council meeting for ratification, which resulted in a proposed Precept of £33,054 the same level as set for the previous 3 years. The two grants from Ashford BC were confirmed as £750 and £1,050 respectively (Min 07/18-2 8 Jan 2018).

Payments, Payroll, VAT and Income:

The payment arrangements have not changed from last year. The Clerk has submitted regular VAT claims during 2017-18, the last claim was for the month of January 2018 for £1,694, which was received on 8 March 2018. This leaves just February and March 2018 to claim in respect of 2017-18.

The Clerk is the only employee of the Council and manages the on-line “real time” pay/tax calculations. Unusually, the Council pays the Clerk “gross” and the Clerk writes out a personal cheque for the tax due every quarter. The gross pay and PAYE paid by Mrs Wood matched the P60 That I inspected.

I randomly sampled some payments including payroll payments, there were no errors or omissions found and the bookkeeping is very thorough and up to date. The year-end statements produced by the Clerk matched the ledger and spreadsheet figures. The required notes to be sent to the External Auditor, explaining the variances between the 2016-17 and 2017-18 accounts were very detailed.

Banking Arrangements and PWLB Loan:

The two NatWest accounts, a Deposit Reserve Account and a Current Account had year-end balances amounting to £50,335 and after taking into account unpresented cheques dropped just below £50,000 to £49,962.

The balance of the PWLB loan to support the funding of the Sports Pavilion as at 31 March 2018 was £15,000.

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 March 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.). One of the areas for consideration are dedicated e-mail addresses. The Clerk’s e-mail address is susanwood@uwclub.net which is not ideal as it is used for other correspondence other than High Halden PC. A form of generic e-mail address appears to be the way forward, something like clerk@highhaldenpc.uk.co . 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 and or webmaster maybe able to advise on the technical matters of setting up a generic style e-mail address, which also gives a more professional feel.

I have previously raised the issue of the Council not owning a laptop/PC to be used by the Clerk solely for Council business. Encryption of data is another issue for Councils to address. The Clerk uses her own laptop for Council business.

I’ve made earlier reference to the Council’s Risk Register, which includes a section on the GDPR. I have not seen a copy of the Register, which should include matters concerning data security etc related to GDPR. **Post Audit Note:** The tab for the risk register on the website is now working and the newly adopted Risk Register (May 2018) has been posted to the website.