

# **Newington 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 31<sup>st</sup> March 2019 and signed off the Annual Internal Audit Report on 26 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 Parish Clerk, Mrs Wendy Licence for her assistance given to me during the audit itself.

### **Previous Audits:**

#### External Audit 2017-18

The external auditors PKF Littlejohn LLP signed off Section 3 of the Annual Return for the year ended 31 March 2018 on 27 September 2018. There was one matter raised by the Auditors relating to an incorrect figure in Box 4 on the Statement of Accounts.

#### Internal Audit 2017-18

The main area to follow-up on is progress with GDPR and reviews of Standing Orders and Financial Regulations.

### **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 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.

### **Members and the Website**

The Council used the free website designed by EiS Kent a "not for profit" business unit of Kent County Council during 2018-19. However, in May 2018 the Council approved a proposal to leave EiS and use Hugo Fox platform. The Council in January 2019 discussed the new website domain name opting for the name "newington-pc.gov.uk" (Min 4 – 29 Jan 2019). The Hugo Fox website appears to be better laid out, easier to navigate and quick to respond. A resident visiting the new website can access a lot of information about the Council and its current business through sources such as "the Village Voice" a monthly magazine produced by the Council.

There are two statutory items being the Disclosable Pecuniary Interests (DPI's) of Councillors accessed by a link to the Swale BC website and the AGARs including the 2018-19 AGAR are available to view.

Following the uncontested Election in May 2019, 8 existing Councillors were re-elected leaving 3 seats vacant. At the time of writing this Report 3 people have been co-opted, whilst their names are listed on the Councillors webpage the corresponding DPI information is not yet available of the Swale BC link.

The website has a Policies & Regulations section with 4 items plus the Committee Terms of Reference. One of the 4 items is the Standing Orders which were reviewed against the new NALC Model in September 2018. The Financial Regulations were not listed and have not been reviewed for 5 years. NALC published a new Model Financial Regulations for councils to adopt and/or compare against existing Regulations. This would be an appropriate time to carry out a review on similar lines to the Standing Orders.

Although the Council has approved other policies particularly those relating to GDPR and information handling, these policies are not on the website. Other than the AGAR information there is very little else relating to the finances of the Council such as a detailed Annual Budget/Precept and copies of the Budget Monitoring Reports etc.

The new style website has only been operational for a few months, but there is some content that needs to be uploaded as mentioned above. It would be a great help to the Council and the Clerk if some Councillors volunteered to regularly check the website for missing content and non-functioning links and report their findings to the Clerk who can log the issue and when time permits correct the issues reported.

### **Risk Management/Insurance/Asset Register:**

The Council had an LTA for insurance cover with Aviva during 2018-19. **Post Audit Note:** Following receipt of quotes via Came & Co. (Brokers) the Council approved a 3-year LTA with Inspire (AXA) (Min. 12iv a – 10 June 2019)

The Council reviewed its Risk Assessment Register in October 2018 (Min 11iv – 30 Oct 2018) and reviewed an updated the Statement of Internal Control (Min 11iii – 30 Oct 2018). The high-risk areas such as the playgrounds are regularly reported to the Amenities Committee and Council.

The Council's Asset Register had been updated for the AGAR submission for 31 March 2019 with a small increase of £643, the cost of the 5-side goal posts.

### **Budgetary Control:**

The Council considered the half-year accounts at the October 2018 meeting (Min 11(v) – 8 Oct. 2018). The Council's Finance Committee is now meeting quarterly and includes a budget monitoring item, but there are no agendas or minutes available to view on the website.

The 2019-20 Budget and Precept requirement was considered in detail by the Finance Working Group and was presented to the Council for approval in December 2018 although the assumptions being made to formulate the Budget had been discussed at the November Council Meeting with all Councillors invited to comment back to

the Working Group before the December round of meetings. The approved Budget and Precept for 2019-20 included allowances for a possible contested Election in May 2019. The approved Precept for 2019-20 was fixed at £47,842 (Min 8(ii) – 11 December 2018).

**Bookkeeping Payments and Income:**

The receipts and payments are recorded on an Excel spreadsheet. Everything was up to date and arithmetically correct. I carried out sample audit checks on the receipts and payments and found everything in order. During the year several VAT claims had been submitted, £6,875 for 1 June 2017 to 30 June 2018, £789 for 1 July 2018 to 30 Sept 2018, £963 for period 1 Oct to 31 Dec 2018. There was an unclaimed balance of VAT for the quarter ending 31 March 2019 amounting to £327, to be claimed in 2019-20.

Income sources during the year included football rent £2,700, Burial Fees £4,050 and pavilion hire £1,540. The burial fee scales and pavilion hire fees are available on the website, although I was surprised to see that the pavilion fees have not changed since 1 November 2017. Other sources of income included S106 monies £11,595, grants £4,414 and the Festival £4,850. In total “other receipts” as declared in Box 3 of the Statement of Accounts amounted to £43,044 for 2018-19, £21,000 more than the previous year.

**Payroll:**

The Council uses DCK Accounting Solutions to manage the payroll, which is for the Clerk and the one-off payments to those Councillors claiming the Basic allowances, which are subject to PAYE. The Clerk’s contract is for 45 hours per month, but overtime is frequently claimed. I gather this has been raised by the Clerk and discussed by the HR Committee earlier in the year, but no adjustment to the contracted hours was considered necessary, because the additional hours related to specific things. From the records I have seen overtime is regularly worked some of which should be considered as a permanent feature of the Clerks expanding workload such as the upkeep of the Council’s website.

**Bank Accounts:**

The year-end cash balances were as follows: -

Accounts	Balance as at 31 March 2018	Balance as at 31 March 2019
NatWest Business Reserve Account	£31,705	£51,543
NatWest Current Account	£980	£500
Nationwide	£45,161	£45,427
TOTAL	£77,846	£97,470
<b>Less</b> Uncleared cheques as at 31 March	-£2,038	-£1,434
<b>BOX 8</b>	<b>£75,808</b>	<b>£96,036</b>

The Council invested £45,000 with the Nationwide (Min 14(v) – 30 May 2017).

**GDPR:**

The General Data Protection Regulation (GDPR) came into force on 25 May 2018. The Council at its meeting in March 2018 reviewed the Data Protection Policy and approved the updated retention schedule, adopted and updated the Freedom of Information and Information Management Policies as well as appointing the Clerk as the Data Protection Officer (DPO) (Min 13 i-iv – 27 Mar 2018). Following the Election and co-options there are some new Councillors who may not be aware of the GDPR requirements and I strongly suggest the Clerk replicates what she has done for her other parish councils in terms a Privacy Notice, Record Management Policy, a Data Protection Policy and a Subject Access Request Policy. All these policies should be available to view on the Council's website.

In last year's Report I mentioned consideration of dedicated e-mail addresses for all Councillors. The Clerk's e-mail address is [clerk.npc@gmail.com](mailto:clerk.npc@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, which would help towards the Council's compliance with GDPR. I understand that all Councillors have been requested to set-up dedicated Gmail or Yahoo email accounts, which are free. The Clerk advised that not all Councillors have established a dedicated email address! This is something that needs resolving, all Councillors are responsible for the safe keeping of Council related emails sent and received. In theory Councillors on ceasing to be Councillors are expected to delete all council related emails and downloaded documents such as agendas and reports from their PC's, tablets, smart phones etc.

**David J Buckett CPFA DMS**

**22 September 2019**