

## **Tunstall 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 9 May 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, Mrs Wendy Licence 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 2017 on 15 September 2017. There were no matters raised by the Auditors, well done.

##### Internal Audit 2016-17

There are a couple of matters that require follow-up from my previous report relating the website content and asset register and risk management, which will be covered in the "findings" below.

#### **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 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.

#### **Findings**

##### **Members and the Website:**

The Council uses the free website designed by EIS Kent a "not for profit" business unit of Kent County Council. The website has the two statutory requirements, the Councillors register of interests (DPI's) via a weblink to the Swale BC website and the Annual Returns including the new style AGAR for 2017-18 under the "Finances" webpage. For 2017-18 the Council declared itself "exempt" as the gross income and gross expenditure were below £25,000 and completed the Certificate of Exemption at the Council meeting held on 4 June 2018. There

are extra publication requirements, which include the publication of the analysis of variances and the bank reconciliation as at 31 March 2018.

The website is managed by the Clerk and contains the agendas and minutes, financial information, some governance documents such as the Standing Orders and Financial Regulations and policy documents like the Grants Policy and Complaints Procedure. There are some additional requirements following the introduction of GDPR, which are mentioned at the end of this report.

### **Standing Orders and Financial Regulations:**

The Council reviewed the Financial Regulations at the meeting held on 4 April 2016 (Min 12 [iii]), which is on the website. The Standing Orders were last reviewed in November 2014. need reviewing. NALC published an updated set of Model Standing Orders in April 2018. It would seem appropriate that the Council reviews its Standing Orders and Financial Regulations to ensure compliance and take account of any changes to the administrative arrangements since November 2014.

### **Risk Management, Insurance Arrangements and Asset Register:**

The Council had in place a 3-year Long-Term Agreement with Hiscox via the Broker Came & Co., which expires on 31 May 2018. The policy includes Fidelity Guarantee cover up to £150,000, one of the standard terms. **Post Audit Note:** The Council approved a new 3-year LTA with AXA Inspire insurance via Came & Co, Minute 6ii – 9 May 2018

The Clerk has created an Asset Register, which has had two cascade planters and four barrier baskets added during 2017-18. The total value of assets as at 31 March 2018 stood at £4,630.

Last year I mentioned that the Council had to review all risks at least annually to satisfy one of the “assertions” within the Annual Governance Statement (No. 5), such as the financial risks, which can be mitigated by insurance cover. The Council has very few physical assets, but items like the street furniture should be inspected as part of a risk assessment. **Post Audit Note:** The Clerk is updating the Risk Management Register to bring to the Council for consideration.

### **Bookkeeping & Budgetary Control:**

The bookkeeping is maintained on Excel Spreadsheets held on the Council’s laptop. All the information on the laptop is back-up on a monthly basis using memory sticks which are exchanged with the Chairman at each Council meeting.

The Council received a verbal report from the Budget Working Party and approved an increase in its Precept for 2018-19 to £19,850 from £17,560 (Min. 9(ii) – Jan 2018), a Band D equivalent of £28.03. It would be preferable to have a copy of the approved Budget on the Council’s website to add to the Transparency Code obligations.

### **Payments, Payroll and VAT:**

A monthly schedule of payments is prepared by the Clerk in advance of the Council meetings and is well minuted giving details of the cheque number, payee and amount. During the Audit visit I carried out a sample check on

the payment system tracing invoice payments through the cheque issued to the resultant debit on the Council's bank account. No errors or omissions were found.

The Clerk is the only employee of the Council and McCabe Ford Williams (Accountants) manage the payroll process providing the Clerk with the information to draw cheques for her net salary and HMRC payment for PAYE and NI. The Council approved the provision of a workplace pension scheme with NEST and to make contributions accordingly. These are done via the Clerks salary payment arrangements.

An amount of £1,154 was reimbursed by the VAT Office during the year relating to a claim period April 2016 to March 2017. The Clerk has submitted a claim for the 2017-18 financial year for £909, which will be received in 2018-19.

### **Banking Arrangements:**

The Council's banking arrangements are with Barclays and includes two accounts, which had year-end balances as follows: -

Barclays Account	Balance as at 31 March 2018	Balance as at 31 March 2017
Business Saver Account	£10,262	£10,255
Current Account	£26,552	£23,282
<b>TOTAL</b>	<b>£36,814</b>	<b>£33,537</b>

There were cheques totalling £53 that were unpresented at 31 March 2018.

The Council's year-end cash reserves were more than twice the Precept Sum (i.e. £17,560 for 2017-18) and if subject to the External Audit review would have had to explain the reason for the high level of Reserves, being more than twice the precept sum.

I noticed in the Minutes that Cllr Harwood was looking into Internet Banking. To my knowledge only Unity Trust Bank and a specific business account with Lloyds offer internet banking facilities that can accommodate "two signatories" to authorise payments by internet banking. Unity Trust Bank is widely used by many of my clients, although not a "high street" bank does have its own FSCS registration, meaning that cash deposits up to £85,000 is protected. The Council's existing bank, Barclays does not have a suitable internet banking product for the parish council. **I have attached a note to this Report on the type of product offered by Unity Trust Bank** and their weblink for further information. The Clerk and for that matter the authorised Councillors can download a bank statement on the day of a Council meeting and immediately have the up to date bank position.

### **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 February 2018 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 (reported to Council 9 May 2018 under matters arising). 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 such as the publication of a general Privacy Notice and a data audit.

One of the areas for consideration are dedicated e-mail addresses. The Clerk's e-mail address is [tunstallpc@gmail.com](mailto:tunstallpc@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 per councillor, which helps towards the Council's compliance with GDPR.

There should also be an email disclaimer attached to emails sent out by the Clerk. **Post Audit Note:** Now in place.

Copies of a suitable Privacy Notices, email disclaimers are available within the GDPR Toolkit available to KALC affiliated Councils like Tunstall, from the NALC website.

**Post Audit Note:** Councillors have set-up separate e-mail addresses with a suitable disclaimer.

David J Buckettt CPFA DMS

12 November 2018