

# **Meopham Parish Council**

## **Internal Audit Report for the year ended 31 March 2019**

I have completed the 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 10 May 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 Ms Sarah Eggesden the Clerk to the Council and RFO for her assistance given to me during this audit. Ms Maureen Innes (Bookkeeper) and Ms Julia Burgoyne (Accountant) were also in attendance during my audit visit.

### **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 16 August 2018. There were no matters raised by the Auditors.

#### Internal Audit 2017-18

There were a couple of matters to follow up from my 2017-18 Report such as the progress with the compliance with GDPR and the introduction of internet banking with Unity Trust Bank. These and other matters are covered in the audit findings below.

### **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.

### **Website:**

The Council's website designed by GWT Media is managed by the Clerk regarded as the "webmaster" and hence responsible for the updating and housekeeping of the website. What a lot of my clients do is to ask for a couple of Councillors to regularly check the website to make sure it is up to date with say postings of agendas & minutes and that links are working such as the links to the Gravesham BC website and links to documents such as the AGAR's within the "Financial Information" section of the website. Any missing items or faulty links etc should be

reported to the Clerk accordingly. The Clerk did advise that Councillors do advise her of any issues they have encountered whilst using the website, perhaps a more formal arrangement could be considered?

There are two statutory items that must be on the Council's website, namely the publication of the Council's Annual Returns, now called AGAR's, and access to the Disclosable Pecuniary Interests (DPI's) declared by Councillors. The Clerk has already posted the AGAR for 31 March 2019, which was approved by Council on 21 May 2019. The Council had elections in May 2019, when only 8 people stood for election across the three wards each with 4 seats, which were uncontested. **Post Audit Note:** The Clerk has advised that 4 people have been co-opted bringing the council up to full compliment.

I looked at the Councillor page on the website, which understandably is incomplete following the Elections and latterly the co-options. Regarding the new DPI's the Clerk is proposing to remove the link to the DPI against individual Councillors and provide the DPI link to the Gravesham BC website, which is currently located on the Financial Information webpage. This will avoid confusion as to what needs to be displayed and will reflect the latest DPI submission by Councillors to Gravesham BC Monitoring Officer, who is responsible for the DPI information for the whole Borough.

The Policies & Documents webpage contains a list of adopted policies and procedures, which includes the Standing Orders and Financial Regulations reviewed/updated on 14 May 2019. The Privacy Notice and related GDPR policies are all listed here.

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

The Council had insurance cover with Zurich Municipal on a long-term agreement (LTA), which expired on 1 June 2018. Council received alternative quotes via the Broker Came & Co a specialist in the parish council market as well as a renewal quote from Zurich. The Council accepted the renewal terms with Zurich for a further 3-year LTA. The insurance cover in place includes the mandatory Fidelity Guarantee cover up to £250,000. The play equipment inspection regime has not changed with weekly inspections by Gravesham BC and provision of a quarterly inspection report, an annual RoSPA inspection is carried out by Maria Cook of Craigdene.

The Administration & Resources Committee held on 2 Feb 2019 received a report from the Council's "Councillor Auditors" Cllrs M Bramer & Ogden, on their audit of the Council's internal controls and risk assessments, with no concerns to report (Min A67 – 26 Feb 2019). The Internal Controls Policy was recommended for approval by the next full Council (Min A68) and the Risk Assessment document as at February 2019 was noted with an additional entry regarding the Christmas tree at Meopham Green (Min A69)

The Asset Register is up to date and has digital photographs on the main assets. New items added during the year included a laptop, portable hearing loop and some drop-down posts at a total cost of £5,286, bringing the value of the Council's assets to £297,154 as per the Statement of Accounts.

#### **Budgetary Control/Cashbook:**

As mentioned in the introduction of this Report, Ms Maureen Innes (MI Payroll Services) was in attendance during the first half of my audit visit. Ms Innes was asked to show me the entries within Sage for a random selection of payments made and for selected income items covering the year including any VAT elements posted

to a VAT control account. No errors or omissions were discovered. Borough Councillor Burgoyne was also in attendance wearing her Accountants hat having drafted the Accounts for the year ended 31 March 2019.

There has been no change to the bookkeeping arrangements, which involves regular visits from MI Payroll Services who manage the Sage Accounting package providing the Members with Budget Monitoring Sheets, which provided the basis of the Budget papers for 2019-20. The draft Committee Budgets were considered at the A&R Committee held on 4 December 2018 and recommended a Precept of £96,527 for 2019-20 (Min. A.44) The Council subsequently approved a Precept Request of £96,527 (Min C.174 – 8 Jan 2019), this resulted in an increase of £2.58 to £31.44 for a Band D property, an 8.97% increase.

The back-up arrangements have not changed with the Sage software backed-up via a “cloud based” provider and copies e-mailed to the Clerk and Ms Innes as a further back-up. Dropbox Pro is used to back-up of all the Councils records in the “cloud”. An additional weekly back-up on an external hard drive is done by the Clerk. GWT Media Ltd who have developed the website also provide managed IT support on a monthly retainer basis including support dial-in. In recent months new laptops have been purchased to cope with Windows 10 and the updated Sage payroll package, all upgrades approved by Council.

**Payments, Payroll, Income and Banking:**

I examined a random sample of the payment records, the original invoices, the cheque stubs and cheque listings presented to the Council. There are no issues to report to Members.

At the beginning of the year the Clerk (25 hrs pw) and the Clerical Asst., Nicola Jerran (20 hrs pw), were the only employees but the Council approved the appointment of an additional Clerical Assistant. Ms Jo Barker was appointed on 5 Sept 2018 to primarily manage the Planning Agendas for a 6-month trial period working 5 hrs pw. This position has been made permanent from 6 March 2019 (Min C197 – 29 Jan 2019) The payroll was managed on behalf of the Council by Malcolm Gofton Associates during 2018-19, but has now been transferred to MI Payroll & Bookkeeping the same firm that manages the Sage Accounts effective from 1 April 2019 (Min A 72 & 73 – 26 Feb 2019). As part of the inspection process I asked to see the copy P60’s.

VAT claims have been submitted on a quarterly basis during the financial year up to 31 March 2019. The four quarters received in 2018-19 amounted to £6,374, the last quarter to 31 March 2019 (£2,608) will appear in the 2019-20 Accounts.

I checked the year-end bank reconciliation and the bank statements. The cash balances at the year-end were as follows: -

Account held	Bal. as at 31 March 2019 £	Bal. as at 31 March 2018 £
Lloyds Treasurers Account (2403)	44,636	59,020
Lloyds Savings Account (3418)	34,605	34,587
NatWest Business Reserve	80,372	75,020
Unity Trust Bank	14,550	0

TOTAL	174,163	168,627
LESS: Unpresented cheques	(668)	4,900
Annual Return Box 8 Total	173,495	163,727

During 2018-19 the Council endeavoured to set up internet banking with Lloyds but due to problems encountered have opened an account with Unity Trust Bank and agreed an initial transfer of £20,000 (Min C201 & 202 – 26 Feb 2019).

#### **GDPR:**

The General Data Protection Regulation (GDPR) came into force on 25 May 2018. The Council has since appointed GDPR info at its DPO. The DPO visited the Council Office on 26 Sept. 2018 and has provided the council with an audit. The Clerk has posted the Privacy Notice, a Code of Practice for handling information and 4 other policies related to GDPR. The DPO visited the Council again in January 2019, which included a discussion on the use of email addresses. Post Audit Note: dedicated email addresses for all Councillors is to be on a future A&R Committee agenda.

Several of my more innovative parish councils are providing Council owned tablets or small laptops (like a Chromebook) in a move to become totally electronic reducing paper and improving efficiency. Agenda papers, Minutes etc are send via email to Councillors and with the use of “Cloud” data storage Councillors can retrieve their emails, meeting papers and any other correspondence etc via the tablets/laptops. I have provided the Clerk with a couple of Clerks to contact to find out more about these initiatives. Perhaps Meopham can be the trailblazer for the Gravesham area?

#### **Other Matters:**

##### Judson’s Field Pavilion Project

The Clerk updated me on the Pavilion Project and the emails I was involved with concerning the VAT implications of the project, although the Council did receive good advice from Elysian Associates on this matter. I gather the Council has “opted to tax” the Pavilion and register with the VAT Office. In April 2019 the Council awarded the contract to build the Pavilion to Capstan with a start on-site date of 3rd June 2019, a 13 week contract.

**David J Buckett CPFA DMS**

**12 August 2019**