

Dunkirk Parish Council

Internal Audit Report for the year ended 31 March 2017

I have completed the year-end internal audit of the Council's records for the year ended 31st March 2017 and signed off the Annual Return (Annual Internal Audit Report) on 17 May 2017.

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, Ms Louise Blackshaw for the assistance she gave me during the audit.

Previous Audits:

External Audit 2015-16

The external auditors PKF Littlejohn signed off Section 3 of the Annual Return for the year ended 31 March 2016 on 6 September 2016. There was one minor comment regarding Box 11 being left blank on Section 2 of the Annual Return.

Internal Audit 2015-16

There are no matters that require follow-up from my previous report.

Year-end Internal Audit 2016-17:

Findings

The internal audit covered all the internal control objectives listed in the Internal Audit Report section of the Annual Return. The visit concentrated on the year-end accounts and the requirements for the completion of the Annual Return Section 2 (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.

There are some items I wish to bring to Members' attention, as detailed in the following paragraphs.

Members and the Website:

The Council uses the free website designed by EIS Kent a "not for profit" business unit of Kent County Council. Earlier this year, 2017, EIS Kent migrated all the local councils to the new "WordPress" based web design. Many of my clients use this free website solution and all have suffered problems with the migration, ranging from lost data to poor training arrangements. Those Clerks that have made the time and the willingness to try and sort out the migration issues, like Ms Blackshaw have emerged with a reasonable website, which will only improve as the Clerks gain in confidence and experience. However, one continuing complaint is the dreadful slowness of

up-loading new data to the website system. This is not reliant on the broadband speed used by the Clerks, it appears to be an issue at the KCC end. This is a matter I have raised with the Officers at KALC to see if their Executive can apply pressure on the KCC EIS Department to address this major weakness. Some clients have already switched to other website providers. I am sure the Clerk will keep Councillors informed of the website difficulties.

The website is well populated with all the relevant information required by the Transparency Code for smaller local authorities like Dunkirk. It contains the two statutory items being the Disclosable Pecuniary Interests (DPI's) of Councillors, perhaps more commonly known as the Register of Interests and the Annual Return information, which now includes the Annual Return for 2016-17.

Other essential information includes the agendas and minutes, financial information such as the annual Budget a list of the payments made during the financial year and a detailed asset register. The Governance Documents such as the Standing Orders and Financial Regulations are also on the website, which have been updated with the versions approved at the May 2017 Council meeting. Well done.

Standing Orders and Financial Regulations:

The Standing Orders and Financial Regulations were approved at the Annual Meeting held on 23 May 2016 and reviewed again at the same meeting on 22 May 2017. As mentioned above both documents are on the Councils' website.

Risk Management, Insurance Arrangements and Asset Register:

The three-year Long-Term Agreement (LTA) with Zurich Municipal expired in January 2017. The Clerk obtained quotes from two other companies, Came & Co and Aon (Mavern). The Council considered the three quotes at its 21st January 2017 meeting and decided to stay with Zurich Municipal for a further 3-year LTA (Min. 7(d) – 21 Jan 2017). The insurance policy includes a standard Fidelity Guarantee cover of £250,000.

The Asset Register listing all of assets belonging to the Council has its own webpage. There are additional pages showing the location of the assets with matching digital photographs.

Bookkeeping & Budgetary Control:

The accounting and reporting arrangements have not significantly changed since my last audit visit. The Clerk maintains a spreadsheet of receipts and payments, linking to the bank balance, which is used to produce reports for Members to every Council meeting along with the schedule of cheques for authorisation. The Precept for 2017-18 was discussed in December 2016, when it was agreed to keep the Precept the same, which was likely to reduce local tax bills by 2.55% (1.85% 2015-16) in respect of Dunkirk's share (Min. 7c 19 December 2016). The Budget for 2017-18 was approved on 21 January 2017 (Min. 7c), which provided for the use of Reserves if required as the proposed expenditure of £19,820 was more than the anticipated income of £16,379.

All the data held on the Council's laptop is held on the cloud-based storage system "Drop Box", which is accessible to all Members. I did suggest the Clerk upgrades to Dropbox Pro, which provides automated back-up of data, something that more Councils are adopting as "cloud based" back-up is becoming more common.

Payments, Payroll, VAT and Income:

The list of the payments and the occasional income is recorded in the Minutes providing a good audit trail. The Council has contracts in place for grass-cutting (Maytree Nursery) and for the cemetery maintenance/tidying (T. Last).

The Clerk submitted VAT claims for the 5-month period to 31 March 2016 for £316 and for the 7-month period to 31 October 2016 for £440, which were re-imbursed in the 2016-17 financial year. The period from 1 November 2016 to 31 March 2017 amounting to £591 was claimed in May 2017.

The Clerk is the only employee and uses the HMRC Toolkit for the "Real-Time" software on the Council's laptop, to calculate the PAYE and NI calculations (if any). Everything was in order and the year-end P60 produced. The Clerk's earnings are below the earnings threshold to be eligible for a Workplace Pension.

Banking Arrangements:

The Council's two accounts with NatWest had balances as at 31 March 2017 of £6,833 in the Current Account and £18,069 in the Business Reserve Account, with an outstanding cheque for £15.

Other Matters:

Transparency Code Funding

Two years ago, I advised the Council of the Transparency Code that was coming into force for the very small councils with turnover not exceeding £25,000 per annum, effective from 1 April 2015. The aim of the Code was to enable local electors and ratepayers to access relevant information about authorities' accounts and governance. All Councils must have a freely accessible website of their own or to "piggy-back" another freely accessible website with their own specific web-pages. To assist these smaller councils like Dunkirk a Transparency Fund was established to provide funding towards the purchase of essential equipment such as a laptop, the necessary "broadband/internet infrastructure and contributions to the training costs to establish and manage a website. At the time, the Clerk already had a Council owned laptop and set up a website using the free website designed by EIS Kent of Kent County Council, mentioned earlier in this Report.

During my recent audit visit the website was discussed and I raised the matter of the Transparency Funding, which will cease at the end of the 2017-18 financial year (the third and final year of funding). The council may want to consider upgrading the printer/scanner facility for the Clerk, essential for uploading website content. If so funding under the Transparency Code for Smaller Authorities may be available. An application form is available from KALC who administer the applications submitted by Kent parish councils.

Future External Audit Arrangements

The introduction of the Transparency Code for Smaller Authorities came with a promise that the current External Audit regime would cease in favour of the ongoing "transparency arrangements" via the Council's website. In theory, this could be the last financial year that the Council has to undergo an External Audit "limited assurance" examination by PKF Littlejohn. The Annual Return process will continue with the requirement for public examination and publication of the Annual Return on the Council's website. At the moment, it is unclear what administrative arrangements will be put in place for this change in the annual audit arrangements. PKF Littlejohn

want to complete the 2016-17 Annual Audits first before establishing what the future will be for the smaller councils below the £25,000 turnover threshold. I will be working with KALC to find out what will be put in place for 2017-18.

David J Buckettt CPFA DMS

24 July 2017