

## **Dunkirk 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 23 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, Ms Louise Blackshaw for the assistance she gave me during the audit.

#### **Previous Audits:**

##### External Audit 2016-17

The external auditors PKF Littlejohn 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 are no matters that require follow-up from my previous report.

#### **Year-end 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 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 a business unit of Kent County Council. It is managed by the Clerk and is very easy to navigate although the website can be slow in loading certain pages, but this is an ongoing issue with the web-design experienced by other parish councils. The website has all the relevant information required by the Transparency Code for smaller local authorities like Dunkirk.

The website 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. By the time

Members get to see this Report the AGAR for 31 March 2018, will have been approved by the Council and the Clerk will have posted a copy onto the website with the necessary accompanying Notice of Public Rights information. This year the Council was able to “exempt” itself from the external audit review by PKF Littlejohn, which gives greater weight to the compliance with the Transparency Code (the quid pro quo).

All the 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 recently been updated with the versions approved at the May 2018 Council meeting. There is the Statement of Internal Control, which helps to support the Annual Governance Statement, Section 1 of the AGAR.

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

Last year the Council awarded another 3-year Long-Term Agreement (LTA) to Zurich Municipal following a competitive tender exercise. It will expire in January 2020. 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, which is something I have not seen at any other Council including some large Town Councils. The Assets webpage also invites residents to report any faults with the street lighting.

### **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 2018-19 was discussed in December 2017, when it was agreed to keep the Precept at £11,792 the same as the previous two years (Min. 7c 18 December 2017). The Budget for 2018-19 was approved at the January 2018 meeting, which included an increase in the streetlighting budget for conversion to LED (Min 6d 22 Jan 2018).

The data held on the Council’s laptop is backed-up on the cloud-based storage system “Drop Box”, which is accessible to all Members.

### **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 had contracts in place during 2017-18 for grass-cutting (Maytree Nursery) and for the cemetery maintenance/tidying (T. Last). The street-lighting contractor changed from PFL Contractors to PrimeOne Maintenance and was now based on a monthly sum for a regular maintenance and repair service than the previous call-out charging system under the old contract. **Post Audit Note:** The Clerk advised me that the grass cutting contract was retendered earlier this year and was awarded to Graham Doy, the previous contractor did not wish to tender. The contract is for 1 year with effect from April 2018.

The Clerk had submitted two VAT claims in the year, the first for the period from 1 November 2016 to 31 March 2017 amounting to £591 received in June 2017. The second related to the period 1 April 2017 to 31 December

2017 for £1,235 received in February 2018. The last quarter to 31 March 2018 amounted to £300, which the Clerk had already claimed.

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 was awarded a pay-rise effective from 1 January 2018 (Min 7e – 18 Dec 2017).

### **Banking Arrangements:**

The Council’s two accounts with NatWest had balances as at 31 March 2018 of £3,809 in the Current Account and £18,073 in the Business Reserve Account, with an outstanding cheque for £36. This was an overall decrease in cash reserves of £3,000 since March 2017.

The bank signatories are being updated following the resignation of the long-standing Cllr John Peto, latterly the Chairman of the Council. Cllr Phillippa Clarkson was added to replace John Peto (Min 6e – 22 Jan 2018).

### **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. 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 [Clerk@dunkirkpc.org.uk](mailto:Clerk@dunkirkpc.org.uk) 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. Encryption of data is another issue for Councils to address.

**Post Audit Note:** Following the briefing from NALC, the Council decided not to appoint a DPO for the time being. The Clerk will be responsible for compliance with the regulations. Individual email addresses are in the process of being set up with the current provider (Namesco Ltd). This was agreed at the Council meeting 18 June 2018. After looking at alternative (i.e. cheaper) options Councillors agreed that all the email addresses should be @dunkirkpc.org.uk which is consistent with the Clerk’s email, rather than, say, a gmail address. The format will be [cllrtutt@dunkirkpc.org.uk](mailto:cllrtutt@dunkirkpc.org.uk) which makes it clear that it is council related. Keeping it with Namesco also means that everything is in one place, the Clerk is the administrator and as such has the permissions to be able to add addresses/change passwords as and when councillors change, rather than a gmail account which is reliant upon the individual to control.