

Dunkirk 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 31st March 2019 and signed off the Annual Internal Audit Report on 7 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 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 2017-18

In previous years the external auditors PKF Littlejohn LLP have carried out an external "limited assurance review" of the Council's Annual Return, which is now been re-styled and re-named the Annual Governance and Accountability Return (AGAR). This coincided with the change in governance arrangements, which permits smaller authorities where the higher of gross income or gross expenditure was £25,000 or less, that meet the qualifying criteria, and that wish to certify themselves as "exempt" from a limited assurance review. These changes came into effect for the financial year 2017-18. For 2017-18 the AGAR Statement of Accounts recorded total gross annual income as £17,265 and total gross annual expenditure as £20,305, well below the £25,000 threshold. The Certificate of Exemption was signed by the Responsible Financial Officer and Chairman on 21 May 2018.

Internal Audit 2017-18

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

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.

Findings

Members and the Website:

The Council uses the free website designed by EIS a business unit of Kent County Council. Managed by the Clerk the website has all the relevant information required by the Transparency Code for smaller local authorities like Dunkirk including 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. At the time of writing this Report the 2019-20 Budget is available as are the payment schedules for the April and May 2019 Council Meetings. The AGAR signed off at the 20 May 2019 Council Meeting is available to view and the Notice of Public rights posted ready for the inspection period commencing on 17 June 2019.

The Governance Documents such as the Standing Orders and Financial Regulations are also on the website, which were reviewed and approved at the May 2018 Council meeting. There is also the Statement of Internal Control, which helps to support the Annual Governance Statement, Section 1 of the AGAR. **Post Audit Note:** The updated Statement of Internal Control for 2018-19, new Standing Orders and Financial Regulations were approved by the Council at its meeting held on 20 May 2019 and have been uploaded onto the Council's website. The Clerk has also advised that an updated Communication Policy incorporating GDPR will be considered by the Council at its Meeting in June 2019.

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 AGAR information. The result of the Election due in May 2019 has been an uncontested re-election of 6 of the 7 existing Councillors, Cllr Clarkson was not standing for re-election, leaving one vacancy. **Post Audit Note:** The new completed DPI forms of the re-elected Councillors have been submitted to Swale BC to update their website, which will be linked to the Council's website when ready.

By the time Members get to see this Report the AGAR for 31 March 2019, 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 were not able to "exempt" itself from the external audit review by PKF Littlejohn, the Part 3 AGAR will therefore be completed and submitted to PKF Littlejohn for their "review".

Risk Management, Insurance Arrangements and Asset Register:

The Council is part way through a 3-year Long-Term Agreement (LTA) with Zurich Municipal, which will expire in January 2020. The insurance policy includes a standard Fidelity Guarantee cover of £250,000.

The Asset Register listing all the assets belonging to the Council has its own webpage. There were no additions to the assets during 2018-19 other than a strip of land alongside the playing field (Courtney Road) for a nominal £1. **Post Audit Note:** The updated Asset Register is now on the website and the Clerk has managed to get a copy of the title deed for the strip of land from the Solicitor. There are additional pages showing the location of the assets with matching digital photographs something unique to this Council. The map and photos will be updated in due course to include the above. The Assets webpage also invites residents to report any faults with the street lighting.

The Clerk and I discussed a Risk Log/Register, which has not been completed previously. **Post Audit Note:** The Clerk has since reported the need for this to the Council and a draft is currently being prepared for discussion.

AGAR, Bookkeeping & Budgetary Control:

Last year as I have already mentioned under the “previous audits” section the Council was able to “exempt” itself from the external audit review by PKF Littlejohn. However, this year the Councils expenditure for this year has just exceeded the £25,000 threshold (£25,135). The Council cannot therefore exempt itself for the External Audit Review by PKF Littlejohn.

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 2019-20 was discussed in November and December 2018, when it was agreed to request a modest increase in Precept to £12,027 a 2% increase (Min. 8c 17 December 2018). The Band D charge would be £24.26 a 1.39% increase based on a Tax Base figure of 495.69. The Budget for 2018-19 was approved at the January 2018 meeting (Min 7e 21 Jan 2019).

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 2018-19 for grass-cutting (G Doy) and for the cemetery maintenance/tidying (Tim Last). G Doy was offered a 3-year contract for grass-cutting (Min 7c – 21 Jan 2019) and the Council has formalised the contract arrangements for the churchyard maintenance and awarded a 3-year contract to Tim Last (Min 6d – 18 March 2019). 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.

The Clerk has submitted two VAT claims for the year, the first for the period from 1 April 2018 to 31 October 2018 for £1,580 received in November 2018. The second related to the period 1 November 2018 to 31 March 2019 for £869 submitted in April 2019. **Post Audit Note:** received 13 May 2019.

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.

Banking Arrangements:

The Council’s two accounts with NatWest had balances as at 31 March 2019 of £3,941 in the Current Account and £9,590 in the Business Reserve Account, with an outstanding cheque for £52. This was an overall decrease in cash reserves of £8,400 since March 2018. The Budget for 2019-20 forecasts a deficit of £9,200, which will bring the year-end balances as at 31 March 2020 to approximately £4,000, which is approximately equal to 2-3 months average spend, a very low threshold.

With the retirement of Cllr Clarkson, the Council may have to review the bank signatories list, although in May 2018 Cllrs Brice and Coleman were added (Min 12c – 21 May 2018). **Post Audit Note:** The signatories were

reviewed at Annual Meeting on 20 May 2019 and agreed to add Cllr Demery as a signatory and the removal of Clarkson. Minutes confirming this will be on the website once signed off at 24 June 2019 meeting.

GDPR:

The General Data Protection Regulation (GDPR) came into force on 25 May 2018. Last year I was able to add a Post Audit Note about the generic email address adopted for all Councillors cllrutt@dunkirkpc.org.uk provided by Namesco Ltd. I did suggest to the Clerk that consideration be given to an email disclaimer and a General Privacy Notice published on the website. **Post Audit Note:** Drafts have been discussed with Chair/Vice Chair and will be on the Agenda for 24 June 2019 meeting.

Other Matters:

I was sad to hear that the Clerk has decided to resign from her position, she will be a hard act to follow.

David J Buckett CPFA DMS

12 June 2019