

Risk Assessment

**HIGH** 0

**MEDIUM** 2

**LOW** 14

**Borough Green Parish Council  
INTERNAL AUDIT 2019-2020  
AUDIT PLAN WITH COMMENTS / FINDINGS**

I am pleased to report to Members of the Borough Green Parish Council (the “Council”), that I have completed my year-end internal audit of the Council’s records for the six-month period to 31 March 2020, following my audit visit and subsequent conversations on 15 June 2020.

Councillors 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 Councillors 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 the Wrotham PC Clerk, Ms Lesley Cox who has been assisting with the Accounts during 2019-20 for her assistance given to me during my audit visit (at Wrotham Cricket Pavilion).

2019-20 has been a difficult year for the Parish Council following the sudden illness of Mrs Hazel Damiral, the Clerk in March 2019. The Chairman of the Council, Cllr Mike Taylor deserves special mention as he took on a lot of the duties of the Clerk including the agenda setting, the minutes and managed the banking and payment arrangements during the year. Difficulties in gaining access to the Council’s laptop and files, problems with the NatWest Bank, HMRC made matters worse. During the year Cllr Taylor managed the change of website and the introduction of new email addresses for Councillors and latterly the Covid-19 issues. Fortunately, the Council has been able to recruit a new Clerk, Mr Bernie Galopin who will be taking back control of the day to day management of the Council.

Area	Item	Comments / Findings Annual Audit 15 June 2020
Previous Audits	<ul style="list-style-type: none"> <li>• Date of last External Audit Certificate <b>or Exemption Certificate</b></li> <li>• <b>Comments if any</b></li> <li>• Publication on website.</li> <li>• Date of last Internal Audit Comments if any</li> <li>• Review of any items outstanding from previous internal / external audit reports.</li> </ul>	<p>The AGAR for 2018-19 was not signed-off by the Council until 24 Sept 2019 Mins 102 &amp; 103 and hence missed the deadlines for completion and exercising the Public Rights by 1 July 2019 and the External Auditor completing their review by 30 Sept 2019. PKF Littlejohn signed-off the AGAR on 11 Nov 2019 reporting the failure to comply with the exercise of Public Rights and the insufficient explanation of the variances for Boxes 3 (Other Receipts) and Box 6 (Other Payments). I was not able to find the 2018-19 AGAR on the website.</p> <p>PKF Report considered by Council 2 Dec 2019 Min159 (i)</p> <p>Interim Report considered by Council 4 March 2019 Min 219 (iv)</p> <p><b>Post Audit Note:</b> The Chairman has worked with the Clerk Mr Galopin to upload the previous year’s Annual Returns and AGARs to the new website created by Wix.com</p>

Minutes	<ul style="list-style-type: none"> <li>• Scan of the minutes of the Council's meetings and the Finance Committee.</li> <li>• Localism Act 2011</li> <li>• <b>General Power of Competence ?</b></li> <li>• Dispensations</li> <li>• S.40 LA&amp;A Act 2014 filming/recording</li> </ul>	<p>The Minutes for 2019-20 were scanned and can be found on the Council's new website from Jan 2019. The Emergency Meeting held on 21 March 2019 following the Clerks sudden illness discussed the temporary arrangements to be put in place particularly the bank account and payment arrangements including a revised bank mandate.</p> <p><b>Post Audit Note:</b> Normal Meetings were held up to March 2020, but due to the Covid-19 lockdown arrangements the Council has since moved to "virtual meetings" using the "Zoom" meeting platform with residents invited to submit any questions by email and "virtually attend" by registering prior to the Meeting with the Clerk.</p>
Code of Conduct/ Acceptance of Office	<ul style="list-style-type: none"> <li>• Date adopted</li> <li>• Any changes in elected/co-opted members since last Audit ?</li> <li>• DPI's complete</li> <li>• DPI's on website or weblink</li> <li>• New Governance Compliance</li> <li>• <b>NEXT ELECTION ?</b></li> </ul>	<p>Uncontested Parish Election 8 existing Councillors re-elected – 3 vacancies</p> <p>Mr Wlodarczyk – co-opted 5 Aug 2019 Min 62  Mr Wray – co-opted 9 Sept Min 80  Mr Redrup – co-opted 6 Jan 2020 Min 168</p> <p>There is a DPI link against each Cllrs name on the Parish Councillor webpage</p>
Standing Orders and Financial Regulations	<ul style="list-style-type: none"> <li>• Have they been formally adopted and applied?</li> <li>• Have any changes been made since they were adopted or the last audit?</li> <li>• Have any changes been formally adopted by the Council?</li> <li>• <b>Updated re New NALC Models SO's 2018, Fin Regs 2019 ?</b></li> <li>• Two signature rule still in place?</li> </ul>	<p>Standing Orders approved 4 March 2019 Min 217 inc retention of 6-month rule</p> <p>The Financial Regulations had not been updated since 3 October 2016 as per the versions available on the website.</p> <p>The absence of the Clerk has meant no revisions took place during 2019-20.</p> <p><b>Post Audit Note:</b> The new Clerk has started to review all the policies, procedures, and risk assessments with the first batch to be considered by Council in September 2020.</p> <p>Yes</p>

<p><b>Risk Management</b></p>	<ul style="list-style-type: none"> <li>• <b>Risk Assessments</b> – Are they: <ul style="list-style-type: none"> <li>○ Carried out regularly?</li> <li>○ Adequate?</li> <li>○ Reported in the minutes?</li> <li>○ <b>ANNUAL REVIEW ?</b></li> </ul> </li> <li>• Insurance cover – is it: <ul style="list-style-type: none"> <li>○ Appropriate/Adequate?</li> <li>○ LTA in place?</li> <li>○ Reviewed regularly?</li> <li>○ Fidelity Guarantee Cover £ (Balances + ½ Precept)</li> </ul> </li> <li>• Internal controls – are they: <ul style="list-style-type: none"> <li>○ Documented?</li> <li>○ Adequate?</li> <li>○ Reviewed regularly?</li> <li>○ <b>Statement of Internal Control (SIC)?</b></li> </ul> </li> <li>• Systems and Procedures – are they: <ul style="list-style-type: none"> <li>○ Documented?</li> <li>○ Adequate?</li> <li>○ Followed?</li> <li>○ Reviewed regularly?</li> </ul> </li> </ul>	<p>Risk Assessments used to be a standing item on the Council’s agenda but has not been addressed during the last year.  Many of the physical risks like the buildings and play equipt are monitored/inspected by the two Groundsmen and for specialist works such as trees contractors engaged.  As mentioned below there was an annual review of the internal risk controls in March 2019, but without a Clerk in place no annual review has taken place during 2019-20. <b>Post Audit Note:</b> The new Clerk is addressing this matter starting with the Financial Internal Controls due to be considered in Sept 2020.</p> <p>The Council had insurance cover provided by Zurich Insurance as part of a 3-year Long-term Agreement to 12 July 2020. The policy includes “motor insurance”.</p> <p>Fidelity cover was up to £250,000</p> <p>Annual Review of Internal Risk Controls – 4 March 2019 Min 215 (iii)</p> <p><b>The new Clerk has begun to review other Parish Council websites to see what policies and procedures are in place to consider their relevance to Borough Green.</b></p>
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<p><b>Budgetary Controls</b></p>	<ul style="list-style-type: none"> <li>• Is the annual budgeting process reported and approved by the Council? <ul style="list-style-type: none"> <li>○ <b>Budget/Precept amounts minuted?</b></li> </ul> </li> <li>• Is the actual performance against the budgets reported to the Council during the year <ul style="list-style-type: none"> <li>○ Compare with Fin Regs?</li> </ul> </li> <li>• Are significant variances explained in sufficient detail?</li> </ul>	<p>Council 4 Dec 2019 Min 159(iii) Agreed an additional £25,000 to the Precept for 2020-21 for Recreation Revamp</p> <p>Precept Request to TMBC posted to the website shows Precept Request for 2020-21 = £201,920, Gros Expenditure estimated to be £309,737. £97,737 contribution from Reserves towards the 2020-21 Budget, which included £90,405 for Special Projects. Council 6 Jan 2020 approved Min 178(iii)</p> <p>There was a lack of budget monitoring during 2019-20 due to the Clerk's sickness, although the former Clerk did do some work on bringing the 2019-20 Accounts up to date. It has since been found to be inaccurate requiring a reconstruction of the whole year's accounts and bank reconciliations by Mrs Lesly Cox with assistance from Mr Galopin when available.</p>
<p><b>Section 137 expenditure</b></p> <p><b>£8.12 FOR 2019-20</b> (£7.86 FOR 2018-19)</p>	<ul style="list-style-type: none"> <li>• What is the cash limit for the year?</li> <li>• Is a separate account/analysis kept?</li> <li>• Has the cash limit been exceeded?</li> <li>• Have the spending powers been properly used and Minuted?</li> </ul>	<p>£137 payments made during the year amounted to £3,287</p>
<p><b>Book-keeping</b></p>	<ul style="list-style-type: none"> <li>• Cashbook - is it: <ul style="list-style-type: none"> <li>○ Fit for purpose?</li> <li>○ Up to date?</li> <li>○ Arithmetically correct?</li> <li>○ Balanced regularly?</li> </ul> </li> </ul>	<p>Manual Ledger and Excel spreadsheets had not been kept up to date by the previous Clerk, Mrs Damiral and without the in-depth work by the Wrotham Clerk, Mrs Cox to "re-do" the 2019-20 "books" it would have been very difficult to close the 2019-20 Accounts.</p> <p>The Accounts have been moved to Sage 50 cloud essentials as from 1 April 2020, which will hopefully improve budget monitoring (this should be on a quarterly basis as per the Financial Regulations)</p> <p><b>Post Audit Note:</b> I have advised Mr Galopin that the Council will have to report on an "Income &amp; Expenditure" basis as the last two financial years 2018-19 &amp; 2019-20, has seen Receipts and/or Payments exceed the £200,000pa threshold. <b>With a Precept in excess of £200,000 for 2020-21 this will be the third year and hence the requirement to move to an Income &amp; Expenditure basis of accounting, which the new Clerk is familiar with involving the introduction of "debtors &amp; creditors" for the first time.</b></p>

<p>Petty Cash</p>	<ul style="list-style-type: none"> <li>• Has the amount of petty cash float been agreed?</li> <li>• Are all petty cash entries recorded?</li> <li>• Are payments made from petty cash fully supported by receipts / VAT invoices?</li> <li>• Are petty cash reimbursements signed for?</li> <li>• Is petty cash reimbursement carried out regularly?</li> <li>• Is petty cash balance independently checked regularly</li> </ul>	<p>N/A</p>
<p>Payroll</p>	<ul style="list-style-type: none"> <li>• <b>Who is on the payroll and are contracts of employment in place?</b></li> <li>• Who is the RFO?</li> <li>• Have there been any changes to the establishment during the year?</li> <li>• Have there been any changes to individual contracts during the year?</li> <li>• Have new appointments and changes to contracts been approved and minuted?</li> <li>• Do salaries paid agree with those approved by the Council?</li> <li>• Have any ad-hoc payments or benefits been appropriately approved?</li> <li>• Have PAYE/NIC requirements been properly applied and accounted for?</li> <li>• Payroll outsourced?</li> <li>• <b>WORKPLACE PENSION IN PLACE</b></li> </ul>	<p>Clerk Mrs Hazel Damiral – 26 hrs pw The Clerk suffered a serious illness in March 2019 and was advised not to return to work for many months. Clerk’s illness and need to implement alternative temporary arrangements. Min 228 – 1 April 2019 - The Chairman, Cllr Mike Taylor to act as the RFO and enlisting the support of the Wrotham Clerk, which ensured that staff continued to be paid during 2019-20. Council Min 193 – 3 Feb 2020 The Clerk Mrs Hazel Damiral had submitted a resignation letter due to ill health effective from 31<sup>st</sup> March 2020. <b>It was also agreed to contract Mrs Lesly Cox the Wrotham Clerk to work with Mrs Damiral to complete the 2019-20 financial year and digitise the accounts, help with the recruitment of a new Clerk &amp; RFO and assist their settling-in. In reality Mrs Damiral was unable to help with this transition, Mrs Cox has done a tremendous job to bring things together and meet me to carry out the year-end audit.</b></p> <p><b>Council 9 March 2020 Min 228 reported on the Interview Panel to appoint Mr Bernie Galopin contracted hours to be 26 hrs pw, from 1 April 2020.</b></p> <p>2 full-time groundsmen – Mr Glew and Mr Springett</p> <p>Mrs Cox, Wrotham Clerk managed the payroll during 2019-20. <b>Post Audit Note: I have had a Meeting with Mr Galopin (27 Aug 2020) who has taken on the payroll duties using the HMRC basic payroll tools. Mr Galopin updated me with the control procedures he had introduced, including an Annual Appraisal of staff linking it to performance, H&amp;S, training needs and pay review providing much better HR records.</b></p> <p>LGPS - Pension Regulator re-enrolment completed NB new Clerk has personally opted out of the LGPS.</p>

<p><b>Payments</b></p>	<ul style="list-style-type: none"> <li>• Are all payments recorded and supported by appropriate documentation?</li> <li>• Are payments minuted?</li> <li>• Review of DD's and SO's ?</li> <li>• <b>STAFF costs definition for inclusion in Box 4 for 2019-20, check parity for 2018-19 ? Currently includes salary, tax, NIC &amp; Pension (employee &amp; ers) + taxable benefits ( home working allowance, broadband &amp; phone allowance etc NOT incl.</b></li> <li>• Has VAT been identified, recorded and reclaimed?</li> <li>• Are items above a de minimus amount purchased competitively?</li> <li>• Have internal control procedures been adhered to?</li> <li>• Contracts: <ul style="list-style-type: none"> <li>○ What contracts exist?</li> <li>○ Compliance with SO's</li> <li>○ Have any new contracts or contract variations/extensions been awarded in the year?</li> <li>○ Procedures adopted for letting of contracts</li> <li>○ Have contract payments been made in accordance with the contract document?</li> </ul> </li> </ul>	<p>Payments approved by Council are minuted showing the amount paid, payee and reason for payment. Cheque payments also includes the Chq No. As reported elsewhere temporary arrangements for the payments had to be put in place following the Clerk's sudden illness in March 2019, with more direct involvement of Councillors. For the whole year 2019-20 most payments were made by cheque other than the listed DD's</p> <p>DD's in place for Ford Vehicle Lease, EDF electricity supplies to Potters Mede and Rec. Ground. New DD's E-on and Castle Water (from May 2019), Zen internet to DD (Aug 2019)</p> <p>Staff costs compliant with the definition.</p> <p>Vat Claims: Vat refund for period 1 Jan 2019 to 30 Nov 2019 = £8,557 Vat paid during 2019-20 as per accounts = £10,909</p> <p><b>A sample of some of the contracts in place</b></p> <p>Treeability – tree remedial works &amp; mtce. EJP Fire Protection – Mtce at Potters Mede &amp; Recreation Grd. Streetlighting – street lighting mtce Godfreys Service – equipt repairs/servicing WEX Europe – fuel supplies</p>
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<p><b>Receipts</b></p>	<ul style="list-style-type: none"> <li>• Are all receipts recorded correctly?</li> <li>• Are all receipts promptly banked?</li> <li>• Precept, CTSG and Sect 136 payments</li> <li>• Are internal controls of cash adequate?</li> <li>• Are invoicing arrangements adequate?</li> </ul>	<p>Apart from the Precept of £177,470 the other significant income sources in 2019-20 were:  Potters Mede Hire Income of £12,453  Recreation Ground income of £1,310  VAT reclaim up to 30 Nov 2019 of £8,557  Other income includes £4,170 insurance claim</p> <p>New internal controls on cash-handling especially the receipt cash for casual hiring's.</p>												
<p><b>Bank reconciliation &amp; PWLB Loans</b></p>	<ul style="list-style-type: none"> <li>• What current/deposit accounts exist?</li> <li>• FSCS aware and compliant?</li> <li>• Are bank reconciliations regularly carried out for each account?</li> <li>• Level of Balances to Precept ratio</li> <li>• Are the cheque counterfoils, paying-in books and bank statements adequately referenced?</li> <li>• When was the last review of the banking arrangements?</li> <li>• Internet Banking/Corporate Card ?</li> <li>• Signature review (Two signatures required?)</li> <li>• Any PWLB loans ?</li> </ul>	<p>Summarised Bank Statement included in the monthly Minutes.  The NatWest bank balances at 31 March 2020 were:</p> <table border="0"> <tr> <td>Business Current a/c (0857)</td> <td>£100</td> </tr> <tr> <td>Business Reserve a/c (9882)</td> <td>£669</td> </tr> <tr> <td>Business Reserves a/c (8811)</td> <td><u>£117,855</u></td> </tr> <tr> <td></td> <td>Total = £118,624</td> </tr> <tr> <td></td> <td><b>Less unrepresented chqs - £6,786</b></td> </tr> <tr> <td></td> <td><b><u>Net Balance = £111,838</u></b></td> </tr> </table> <p><b>exceeds the £85k FSCS threshold, but previous suggestions to transfer money to another bank account prior to the former Clerk's illness had not been acted upon and circumstances prevented any changes in 2019-20.</b></p> <p><b>Post Audit Note: Mr Galopin advised me of the proposal to open an account with the Metro Bank who has a branch in Maidstone. I gave Mr Galopin a copy of an audit report for 2017-18, which suggested Unity Trust Bank and their on-line banking system which allowed for the "two-signature" arrangement to continue. <a href="https://www.unity.co.uk/business-internet-banking/">https://www.unity.co.uk/business-internet-banking/</a></b></p> <p>Emergency Meeting 21 March 2019 recommended temporary changes to the Bank Mandate removing the Clerk as the administrator and a signatory. Cllr Millener be appointed as Temporary Administrator [actioned May 2019 onwards] and signatories to be added, Cllrs Millener, Gould and Taylor. Mins 3,4 and 5.  NatWest Bankline administrator – Mrs Damiral to take back control Min 72 (i) – 4 Aug 2019  Council Min 90 – 9 Sept 2019 Clerk to be re-instated as the Bankline Administrator on the NatWest Account.  The Wrotham Clerk processing the payroll inc PAYE and Pensions</p> <p>2 PWLB loans balances at 31 March 2020 were £15,989 and £19,061 = £35,050</p>	Business Current a/c (0857)	£100	Business Reserve a/c (9882)	£669	Business Reserves a/c (8811)	<u>£117,855</u>		Total = £118,624		<b>Less unrepresented chqs - £6,786</b>		<b><u>Net Balance = £111,838</u></b>
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<p><b>Assets and Asset Register (AR)</b></p>	<ul style="list-style-type: none"> <li>• Are all the material assets owned by the Council recorded in an AR ?</li> <li>• Is the AR up to date?</li> <li>• Basis of Asset Values?</li> <li>• Are investments recorded?</li> <li>• Are the valuations regularly reviewed?</li> <li>• Does the AR show the insurance values ?</li> <li>• Digital Photographic evidence?</li> <li>• Is there a separate Inventory List of low value items (e.g. below the insurance excess levels) ?</li> </ul>	<p>Council 4 Nov 2019 agreed in principle to taking over the running of the public toilets from TMBC subject to mtce and upgrade prior to take over. This matter had not been concluded by 31 March 2020.</p> <p>Updated Asset Register – Council 6 Jan 2020 Min 178(v)</p> <p>Detailed Minutes concerning the Auction of a piece of land adjacent to the Medical Practice, Harrison Road authorising the Chairman and Cllr Wray to make a bid for the land at the auction. Council 3 Feb 2020 Min 202 (v).</p> <p>Council successful in purchasing the strip of land (£70k) – completion date 9 March 2020, this was unbudgeted expenditure in 2019-20.</p>
<p><b>Year-end procedures Inc. AGAR</b></p>	<ul style="list-style-type: none"> <li>• Does the AGAR Statement of Accounts agree with the cashbook?</li> <li>• Is there an audit trail from the financial records to the accounts?</li> <li>• Have debtors and creditors been properly recorded?</li> <li>• <b>Date of approval of AGAR &amp; Certificate of Exemption if applied</b></li> <li>• <b>PROOF of public rights provision during summer 2019 &amp; website- AIAR ICO L</b></li> <li>• New governance compliance regime - refer to new <b>Practitioners' Guide 2019</b></li> </ul>	<p>Accounting records were checked against the figures to be used in the AGAR Statement of Accounts for 2019-20, including the Bank Reconciliation.</p> <p>AGAR 2018-19 signed off by Extraordinary Council – 24 Sept 2019 Mins 102 &amp; 103</p> <p><b>Date of Announcement – 24 Sept 2019</b>  <b>Public Inspection period – 24 Sept to 11 Nov 2019</b>  <b>Evidence – The Council did not comply with the Public Rights provision for the 2018-19 Accounts due to the late submission of the AGAR and the late Public Inspection period as mentioned in the Report from PKF Littlejohn (see page 1 of this Report).</b></p>

<p>Additional tests – (as necessary)</p>	<ul style="list-style-type: none"> <li>• Computer systems: <ul style="list-style-type: none"> <li>○ The procedures for the backing up of computerised records</li> <li>○ Council owned PC/laptop ?</li> <li>○ <b>Email security</b></li> <li>○ <b>Encryption of data?</b></li> </ul> </li> <li>• Record keeping and the arrangements in place to store previous year's accounts etc.</li> <li>• <b>Annual review of the effectiveness of Internal Audit inc. Appointment of IIA</b></li> <li>• <b>Annual Statement of Internal Control</b></li> <li>• Website host and Webmaster</li> <li>• <b>Website functionality &amp; accessibility NALC L09-18</b></li> <li>• TRANSPARENCY CODE compliant ?</li> <li>• <b>Post GDPR (25 May 2018)</b> <ul style="list-style-type: none"> <li>○ <b>Privacy Notice</b></li> <li>○ <b>Cllr email addresses?</b></li> <li>○ <b>Email disclaimer</b></li> <li>○ <b>Other matters</b></li> </ul> </li> </ul>	<p>As reported in previous Audit Reports back-up procedures used to be via memory sticks with one copy held at the Council Office as advised by the previous Clerk, Mrs Damiral. At the end of the last financial year there were proposals to move over to an automated "cloud back-up" particularly as the Council was purchasing a new laptop for the Clerk (Microsoft Surface Pro) providing access to "One-Drive" cloud back-up.</p> <p><b>Post Audit Note:</b> Mr Galopin updated me of the back-up arrangements he has put in place, which revolved around the Sage 50 cloud essentials payroll system which back-upped daily assuming the Computer had been used and was switched on at the appointed time for back-up.</p> <p>Council 4 March 2019 approved the appointment for 2019-20 and 2020-21 and the fee adjustment – 4 March 2019 Min 215 (i)</p> <p>The Council's website was moved to a new platform created by Wix.com. Council 6 Jan 2020 Min182 (i &amp; ii). 3-year license agreed. Archive website agreed (Min 182 9 iii)</p> <p>The new site is easier to navigate but some of the headings are misleading and recently the Accessibility Widget by UserWay.org has been added to enhance the Accessibility arrangements.</p> <p><b>Post Audit Note:</b> The Clerk advised me that he would be supporting Cllr Taylor to improve the website content and functionality over the next few months.</p> <p>Cllrs agreed to the use of dedicated email addresses using .gov.uk emails, 25 emails for £107.88pa (Zen Silver service) 6 Jan 2020</p> <p>Council 3 Feb 2020 Min 203 (i) <a href="mailto:clerk@boroughgreen.gov.uk">clerk@boroughgreen.gov.uk</a> Cllr emails to be in same format. GDPR compliance and website compliance mentioned within the same sequence of Minutes 203.</p>
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