

**Faversham Town Council**  
**INTERNAL AUDIT 2018-2019**  
**AUDIT PLAN WITH COMMENTS / FINDINGS**

Area	Item	Comments / Findings Interim Audit 22 Nov 2018	Comments / Findings Final Audit XX April 2019
Previous Audits	<ul style="list-style-type: none"> <li>• Date of last External Audit Certificate <b>or Exemption Certificate</b></li> <li>• Comments if any</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>28 Sept 2018 &amp; 30 Sept 2018</p> <p>Error in Box 3 of £1,740, which also affects Box 7 AGAR On the website</p> <p>6 June 2018 – noted by Council 11 June 2018 (min 454)</p> <p>Review of Standing Orders and Asset Register (WIP) and GDPR progress.</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>• General Power of Competence ?</li> <li>• Dispensations</li> <li>• S.40 LA&amp;A Act 2014 filming/recording</li> </ul>	<p>Scanned the Minutes to October 2018.</p> <p>An excellent example of how agenda, minutes and additional documents can be made available on the relevant Council's website. A superb reference site.</p> <p>Yes</p> <p>Yes as required particularly for Budget/Precept setting.</p> <p>Notices displayed at Meetings</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>Updated list of Cllrs and their contact details shown on the website.</p> <p>DPI's available via a link to the Swale BC website.</p> <p>MAY 2019</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>• Updated re Procurement Regs 2015?</li> <li>• Two signature rule still in place?</li> </ul>	Both docs reviewed by Policy & Finance Comm 16 May 2018 Min 90 & 91, the new Model produced by NALC was noted and the Fin Regs updated to reflect "electronic payments". Policy & Finance Comm 12 Sept 2018 Min 91 highlighted further changes to draft SO's	
Risk Management	<ul style="list-style-type: none"> <li>• Risk Assessments – Are they: <ul style="list-style-type: none"> <li>○ Carried out regularly?</li> <li>○ Adequate?</li> <li>○ Reported in the minutes?</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>○ Statement of Internal Control?</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 Assessment &amp; Management Strategy discussed by Policy &amp; Finance Comm 12 Sept 2018 (Min 92) – agreed to include the 5 largest projects and to circulate the document for comment.</p> <p>Various risk assessments/surveys have been conducted eg Guildhall fire risk assessment by LMT Fire Safety, also an asbestos survey. Front Brents jetty condition survey. Legionnaires surveys Guildhall and 12 Market Place.</p> <p>Existing LTA with Zurich Municipal to 1 April 2019. £2m</p> <p>Cllr Wilcox continues to carry out regular checks.</p> <p>Lots of policies and procedures in place and most on the Council's website under "strategic documents". The Town Clerk advised that the Council will be asked to review the policies as part of the register for quality council.</p>	

Budgetary Controls	<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>○ Budget/Precept amounts minuted?</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>Quarterly Budget Reports presented to Council, eg 1<sup>st</sup> quarter to 9 July Min 482, 2<sup>nd</sup> quarter 12 November 2018 Min 535.</p> <p>Quarterly monitoring output from Accounting package on website under "Finance".</p> <p>Budget 2019-20 Workshop to be held on 8 Dec 2018</p>	
<p>Section 137 expenditure</p> <p><b>£7.86 FOR 2018-19</b> (£7.57 FOR 2017-18)</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>Only used for annual poppy donation as the Council has the General Power of Competence for other grants etc.</p>	
Book-keeping	<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>Rialtas Business Systems (RBS) Omega accounts package</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>	

Petty Cash	<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>The charge card is used for all small purchases rather than petty cash, which has been extensively used to provide tools and materials as required for the Town Caretaker (see below)</p>	
Payroll	<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>• <b>Have there been any changes to individual contracts during the year?</b></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>Council – 12 Feb 2018, Min 387 approved the recommendation of the Staffing Committee to advertise the appointment of three new posts –  Administrative Apprentice – Ms Brooke Williams (37 hrs pw), due to start 9 July 2018.  Business Support Officer – Ms Claire Windridge (21 hrs pw) started 14 May 2018  Town Caretaker – Adam Andrews (20 hrs pw – 4 hrs per day) started 31<sup>st</sup> March 2018</p> <p>Change of Finance Assistant – Emma Powell (8 hrs pw) started 22 March 2018</p> <p>Tourism Officer made redundant 31 July 2018</p> <p>Finance Asst manages the payroll using Sage Pay and auto-posting to HMRC with an automated confirmation on submission.</p> <p>LGPS pension scheme in place. <b>Post Audit Note:</b>  LGPS to be offered to all staff as from 1 Jan 2019  Min 543 – Council 12 Nov 2018.</p>	

<p>Payments</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>• 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>Town Clerk checks payroll output and credit card submissions before posting/paying – part of the “internal controls”. Cllr Wilcox undertakes monthly checks.</p> <p>DD's set up for Sage payroll, EDF Energy, Royal Mail, New Star Networks, Lease Plan Uk Ltd</p> <p>Vat claims:-  Qtr. 1 Jan to 31 Mar 2018 - £15,793  Qtr. 1 Apr to 30 Jun 2018 - £46,540 paid 23 Aug  Qtr 1 July to 30 Sept 2018 - £30,971 paid 8 Nov</p> <p>Good internal controls in place, new Finance Officer looking to improve systems.</p>	
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Receipts	<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>Reduced receipts in 2018-19 due to closure of Front Brents Jetty and "Visit Faversham" no longer a paid membership.</p> <p>Precept received</p> <p>The RBS accounting system is used to do the invoicing, assisting the debt management arrangements. Not tested this visit.</p>											
Bank reconciliation	<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>Bank Balances as at 30 Sept 2018 checked –</p> <table border="0"> <tr> <td>NatWest Current a/c No. 133</td> <td>- £100</td> </tr> <tr> <td>NatWest Deposit a/c No. 193</td> <td>- £280,386</td> </tr> <tr> <td>NatWest Deposit a/c No. 901</td> <td>- £103,989</td> </tr> <tr> <td>Lloyds Bank a/c No. 160</td> <td>- <u>£71,695</u></td> </tr> <tr> <td><b>TOTAL</b></td> <td><b><u>£456,170</u></b></td> </tr> </table> <p>Lloyds Business Charge Card in place in the Town Clerk's name.</p> <p>Cllrs Mulhern and Flower added to the existing 4 signatories on all bank accounts. Min 458 Council 11 June 2018</p> <p>2 loans, total sum outstanding as at 31 March 2018 = £1,087,458</p>	NatWest Current a/c No. 133	- £100	NatWest Deposit a/c No. 193	- £280,386	NatWest Deposit a/c No. 901	- £103,989	Lloyds Bank a/c No. 160	- <u>£71,695</u>	<b>TOTAL</b>	<b><u>£456,170</u></b>	
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<p>Assets and Asset Register (AR)</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>•</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>Not an asset as such, but Leased Van GL18XMP for use by the Caretaker.  Various small tools and other items purchased for the Caretaker.</p> <p>New Lenevo E570 laptop - £532 – 9 Oct 2018</p> <p>East Street gates</p> <p>Full review to be done as part of the year-end audit.</p> <p>Great War in Faversham books - £4,523</p>	
<p>Year-end procedures  Inc. <b>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>• AGAR posted on website ?</li> <li>• New governance compliance regime - refer to new <b>Practitioners' Guide 2018</b></li> </ul>	<p>11 June 2018 Mins 455 &amp; 456 Sections 1 &amp; 2 approved and on website.</p> <p>Yes</p>	

