

**Faversham Town Council**  
**INTERNAL AUDIT 2017-2018**  
**AUDIT PLAN WITH COMMENTS / FINDINGS**

Area	Item	Comments / Findings Interim Audit 10 November 2017	Comments / Findings Final Audit 15 May 2018
Previous Audits	<ul style="list-style-type: none"> <li>• Date of last External Audit Certificate</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>23 August 2017</p> <p>No Comments</p> <p>Yes</p> <p>4 June 2017</p> <p>The creation of a new Asset Register alongside the establishment of the museum project at 12 Market Place, Faversham purchased on 20 June 2016</p>	<p>Interim report considered by Policy &amp; Finance Committee – Min 64 and picked up on the recommendation to review the level of General Reserve as part of the Budget/Precept discussions for 2018-19. Eventual recommendation to increase the General Reserve by £10k per year over the next 3 years.</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>Yes – April to 30 September 2017</p> <p><b>Agenda and additional documents are available for the Council and Committee meetings.</b></p> <p>YES</p> <p>YES, for the Budget/Precept discussions and prior to meetings as necessary</p> <p>Notices displayed at meetings and the Chairman of the meetings will advise all those attending the meeting before it commences</p>	<p>Yes October 2017 to April 2018</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> </ul>	<p>Adopted Swale BC version of the Code in 2012-2013 as shown on the website under Town Council tab.</p> <p>No changes since April 2017.</p> <p>Yes all 14 councillors listed</p> <p>Yes via weblink to Swale BC website</p> <p>Yes</p>	

<p>Standing Orders and Financial Regulations</p>	<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>	<p>Both Docs. on website – SO adopted by Council 31 May 2016 and Fin Regs 4 April 2016 Reviewed by Policy &amp; Finance Comm 26 April 2017 (Min. 31) – no changes</p> <p>No further changes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>	
<p>Risk Management</p>	<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 2016-17 adopted on 22 Aug 16, includes a Financial Risk Register, on the website. Financial risks reviewed by Policy &amp; Finance Comm 26 April 2017 (min. 31)– no changes.</p> <p>Physical assets have expanded with take-over of the Allotment sites who have their own risk assessments managed by individual Allotment Associations.</p> <p>LTA in place until 1 April 2019 with Zurich Municipal (Min 8 – 7 Mar. 2016)</p> <p>Yes</p> <p>£2m - adequate</p> <p>Audit testing gave assurance that internal controls were in place and working effectively.</p> <p>Yes, for y/e 31 March 2017, on website</p> <p>There is a good range of policies &amp; procedures in place most on the Council’s website under “Strategic Documents”</p>	<p>Policy &amp; Finance Committee – 22 Feb 2018 Min 78 Recommended extension of the risk management into more non-financial risk areas such a property and activities. The Town Clerk already undertakes “event risk assessments” as necessary.</p> <p>The Front Brents Jetty has had a recent condition survey conducted, which has resulted in the Jetty being closed for the time being Council 12 March 2018 - Min 406</p> <p>Equality &amp; Diversity Policy approved Council 12 March 2018 – Min 399</p>

<p>Budgetary Controls</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>○ 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>Yes, and 2017-18 Budget (£328,638 - Band D = £53.06) on website. 2018-19 Budget initial draft discussed by the Policy &amp; Finance Comm on 18 Oct 2017, Budget Workshop scheduled for Saturday 9 Dec 2017 and Council in January 2018</p> <p>Yes, via the Council and Monitoring Reports available on the Strategic Docs - Finance pages of the website includes 1<sup>st</sup> Qtr Monitoring Report and 2<sup>nd</sup> Qtr seen by Council on 16 Oct 2017 Min 315.</p> <p>See Covering Report re level of “working balances”</p>	<p>Council 15 Jan 2018 Min 377 Precept £364,160 a 9.29% increase Band D calculated to be £57.99.</p> <p>2018-19 Budget is on the website</p> <p>Policy and Finance recommended a £10,000 contribution to the General Reserve by £10k per year over the next 3 years.</p>
<p>Section 137 expenditure</p> <p><b>£7.57 FOR 2017-18</b> (£7.42 FOR 2016-17)</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 all other can expenditure can be approved as part of the General Power of Competence</p>	
<p>Book-keeping</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>Rialtas Business Systems (RBS) Omega accounts package</p> <p>Yes Yes Yes Yes</p> <p>Excellent reporting features as per Monitoring Reports mentioned above.</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>Petty Cash closed. A Lloyds Business "charge-card" is in place with a monthly spend limit of £1,000. These financial thresholds may need to be reviewed in due course.</p>	<p>Still in place. Currently in place 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>Town Clerk, Deputy Town Clerk, Tourism Officer, Finance Assistant, Town Sergeant and Guildhall Caretaker plus two deputy Town Sergeants</p> <p>Town Clerk</p> <p>No</p> <p>No</p> <p>No new appointments to date</p> <p>Yes, Council Min 167 – 16 Jan 2017 resolved the pay scales and rates of pay from 1 April 2017 in private session.</p> <p>Yes</p> <p>Yes – HMRC on-line arrangements audited</p> <p>NO</p> <p>LGPS for those staff eligible</p>	<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>P60's inspected</p>

<p>Payments</p>	<ul style="list-style-type: none"> <li>• Are all payments recorded and supported by appropriate documentation?</li> <li>•</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>Based on tests carried out – Yes Cllr Wilcox carries out a short audit the Friday before every Town Council meeting. He checks the payments list, salary payments and other random items</p> <p>Schedules of the payments and receipts are presented to Council – the schedules are available to view on the website.</p> <p>Min 242 – 30 May 2017</p> <p>Yes (VAT is reclaimed quarterly). 1<sup>st</sup> Qtr. to 30 June = £8,473 recd. 18 Aug 2017, 2<sup>nd</sup> Qtr. to 30 Sept = £5,177 received 8 Nov 2017.</p> <p>Based on tests carried out – Yes</p> <p>Based on tests carried out – Yes</p> <p>Newish contracts include - Adrian Cox Associates – Structural Engineer Consultancy Thomas Ford &amp; Partners – Architectural Services</p> <p>Invalifts Ltd – 12 mth service agreement for Guildhall lift</p> <p>Salix – Printer/copier provider</p> <p>H Goodsell &amp; Sons Ltd – 12 Market Place refurb. (Min 325 – 16 Oct 2017)</p>	<p>Spoke to Cllr Wilcox during my Audit Visit, who confirmed his continued role to carry out monthly checks.</p> <p>3<sup>rd</sup> Quarter to 31 Dec 2017 - £11,539.62 4<sup>th</sup> Quarter to 31 March 2018 - £15,793.49</p> <p>Fees – 12% of tender price</p> <p>Tender price - £399,968</p> <p>Peoples &amp; Places Insight Ltd. -Benchmark Training and Business Support Research</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>Yes</p> <p>Yes Only Precept</p> <p>Yes The RBS accounting system is used to do the invoicing, assisting the debt management arrangements.</p>	<p>Front Brents mooring fees - £4,699 Belvedere Road Moorings - £2,361 Transport Weekend event - £8,227 Visit Faversham subscriptions - £4,163</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>3 Nat West Accounts and 1 Lloyds Bank Account used for electronic payments only. Balances as at 31 October 2017 checked – NatWest Current a/c No. 133 - £100 NatWest Deposit a/c No. 193 - £524,381 NatWest Deposit a/c No. 901 - £103,943 Lloyds Bank a/c - £250,706</p> <p>Reserves Policy recommended by Policy &amp; Finance Min 20 – 22 Feb 2017. £100k considered sufficient for the General Reserve.</p> <p>Lloyds Business Charge Card in place in the Town Clerk's name.</p> <p>4 signatories for internet banking, two more names to be added. The same 4 signatories for the NatWest a/c's</p> <p>Two loans currently £750,000 for purchase and refurb. of 12 Market Place, June 2016. 2<sup>nd</sup> Loan for £350,000 taken up in March 2017 (Min 189 – 6 March 2017)</p>	<p>Balances as at 31 March 2018 checked – NatWest Current a/c No. 133 - £100 NatWest Deposit a/c No. 193 - £317,923 NatWest Deposit a/c No. 901 - £103,943 Lloyds Bank a/c - £269,049</p> <p>Council 12 March 2018 – Min 399 accepted my recommendations regarding Online Banking authorisation</p> <p>Year-end balance total = £1,087,458 £740,711 £346,747</p>

Assets and Asset Register (AR)	<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>Umbrella Centre (formerly the Old Faversham Brewery) – community asset proposal (Min 325 – 16 Oct 2017)</p> <p>Office move to 12 Market Place expected to be done before the end of March 2018.</p>	<p>Guildhall – Quinquennial Report commissioned – FDA Architects appointed Min 405 – Council 12 March 2018</p> <p>Office move now scheduled for July 2018</p> <p>Front Brents Jetty (Town Jetty) – closed following condition survey</p> <p>Following the appointment of the Town Caretaker consideration is being given to the provision of a leased van.</p>
Year-end procedures Inc. Annual Return	<ul style="list-style-type: none"> <li>• Does the Annual Return 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>• Date of approval of Annual Return</li> <li>• Annual Return posted on website ?</li> <li>• New governance compliance regime - refer to new Practitioners' Guide 2017</li> </ul>	<p>Year-end procedures to be checked at final audit</p> <p>2016-17 AR - 30 May 2017 Min 243 &amp; 244</p> <p>2016-17 AR posted as required by the Regulations.</p>	<p>Statement of Accounts figures agreed to cashbook and bank rec.</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> </ul> </li> <li>• Record keeping and the arrangements in place to store previous year's accounts etc.</li> <li>• Annual review of the effectiveness of Internal Audit inc. Appointment of IIA</li> <li>• Annual Statement of Internal Control</li> <li>• Website host and Webmaster</li> <li>• Website functionality/ up to date?</li> <li>• TRANSPARENCY CODE compliant ?</li> <li>• <b>GDPR compliance</b></li> </ul>	<p>MITEC an IT Company provides the IT support to the Council and will assist in the Office move planned for March 2018.</p> <p>Nightly back-ups in place, MITEC is working on setting up a SharePoint to allow access to files anywhere. The aim is to provide Councillors with access to meeting files so they can get the papers using their own IT devices.</p> <p>Vision ICT Ltd web design, planned upgrade to provide access via "mobile" devices is working. The Town Clerk manages the Council's website. The Tourism Officer manages the Visit Faversham website (hosted by Faversham Designs), Facebook and Twitter accounts.</p>	<p>IT facilities to be expanding following the appointment of the additional staff mentioned earlier, but this is unlikely to happen until completion of the move to the new offices in 12 Market Place. A review of the IT set-up including back-up arrangements to be considered as part of the expansion of IT facilities.</p> <p>Policy &amp; Finance Comm. 22 Feb 2018 – Min 74 A data map had been started and various documents had been drafted. The 12 Steps to Awareness from the ICO was noted.</p>
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