

<p>Risk Assessment</p> <p>HIGH 0</p> <p>MEDIUM 1</p> <p>LOW 15</p>	<p style="text-align: center;">Faversham Town Council</p> <p style="text-align: center;">INTERNAL AUDIT 2019-2020</p> <p style="text-align: center;">AUDIT PLAN WITH COMMENTS / FINDINGS</p> <p>I am pleased to report to Members of the Faversham Town Council (the “Council”), that I have completed my year-end audit of the Council’s records for the six month period to 31 March 2020, following my remote audit and subsequent conversations on 5 June 2020.</p> <p>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.</p> <p>I would like to take this opportunity to thank the Town Clerk, Ms Louise Bareham and Ms Emma Powell for their assistance given to me during my audit visit.</p>		
<p style="text-align: center;">Area</p>	<p style="text-align: center;">Item</p>	<p style="text-align: center;">Comments / Findings Interim visit 26 Nov 2019</p>	<p style="text-align: center;">Comments / Findings Year-end Audit 5 June 2020</p>
<p>Previous Audits</p>	<ul style="list-style-type: none"> • Date of last External Audit Certificate or Exemption Certificate • Comments if any • Publication on website. • Date of last Internal Audit • Comments if any • Review of any items outstanding from previous internal / external audit reports. 	<p>The Council received a “holding” Report from PKF Littlejohn dated 24 Sept 2019 advising that further work was required following receipt of correspondence from a member of the public that had not been completed. A formal letter and finalised Review were received dated 25 October 2019. NO additional reporting matters arose from this correspondence, but the Council has received an additional invoice for the time taken to investigate the matters raised. The was an unrelated “other matter” concerning the overall risk assessment review, which has been reported to the Council by the Town Clerk. The AGAR for 2018-19 has been published on the website.</p>	<p>Council acknowledged the sign-off of the 2018-19 Audit Min 118 – 11 Nov 2019</p> <p>Policy & Finance Comm considered the Interim Audit Report - 28 Jan 2020 Min 80</p>

Minutes	<ul style="list-style-type: none"> • Scan of the minutes of the Council's meetings and the Finance Committee. • Localism Act 2011 • General Power of Competence ? • Dispensations • S.40 LA&A Act 2014 filming/recording 	<p>Minutes scanned to October 2019.</p> <p>The new Council needs to be mindful of the additional staff resources required to "service" the extended "committee structure" which includes the working groups.</p> <p>GPC renewed following May 2019 Elections Min 007 – 13 May 2019.</p> <p>Council awarded Quality Gold status</p>	<p>Policy & Finance Comm considered a Committee Structure Review at its meeting on 15 April 2020, its recommendations included the Heritage Comm becoming a Working Group and changes in the Committee Calendar. There was no suggested reduction in the Committee (8) and Working Groups (5).</p>
Code of Conduct/ Acceptance of Office	<ul style="list-style-type: none"> • Date adopted • Any changes in elected/co-opted members since last Audit ? • DPI's complete • DPI's on website or weblink • New Governance Compliance • NEXT ELECTION ? 	<p>May 2019 Elections – all 4 Wards were contested, significant changes with the Lib-Dems becoming the controlling party.</p> <p>There are DPI's details of only 12 of the 14 new Cllrs available via the website against each Cllr's details listing Committee membership etc. The Town Clerk needs to rectify this omission.</p>	<p>Cllrs Blair and Belsom resigned – announced at Council – 10 Feb 2020.</p> <p>The 12 remaining Cllrs are listed on Council's website and the link to SBC's website, resolving the query raised at the Interim Audit.</p> <p>A by-election for the two vacant seats was scheduled to be held in May 2020, but now assumed deferred until May 2021 along with the other Election for the Police & Crime Commissioner of Kent.</p>
Standing Orders and Financial Regulations	<ul style="list-style-type: none"> • Have they been formally adopted and applied? • Have any changes been made since they were adopted or the last audit? • Have any changes been formally adopted by the Council? • Updated re New NALC Models SO's 2018, Fin Regs 2019 ? • Two signature rule still in place? 	<p>The new Council adopted the existing SO's and Fin Regs Mins 012 & 013 – 13 May 2019</p> <p>Revised Fin Regs were considered by the Policy & Finance Comm on 24 Sept 2019 Min 50 and endorsed by Council on 14 Oct 2019 Min 101</p>	<p>Due to be reviewed by Council but temporarily delayed due to the current "virtual meeting" arrangements.</p>

<p>Risk Management</p>	<ul style="list-style-type: none"> • Risk Assessments – Are they: <ul style="list-style-type: none"> ○ Carried out regularly? ○ Adequate? ○ Reported in the minutes? ○ ANNUAL REVIEW ? • Insurance cover – is it: <ul style="list-style-type: none"> ○ Appropriate/Adequate? ○ LTA in place? ○ Reviewed regularly? ○ Fidelity Guarantee Cover £ (Balances + ½ Precept) • Internal controls – are they: <ul style="list-style-type: none"> ○ Documented? ○ Adequate? ○ Reviewed regularly? ○ Statement of Internal Control (SIC)? • Systems and Procedures – are they: <ul style="list-style-type: none"> ○ Documented? ○ Adequate? ○ Followed? ○ Reviewed regularly? 	<p>An updated Risk Assessment & Management Strategy was considered by the Policy & Finance Comm on 24 Sept 2019 Min 51 and endorsed by the Council on 14 Oct 2019 Min 101</p> <p>On 27 Feb 2019 Policy & Finance Comm, considered 3 quotes from Hiscox, Zurich and BHIB. Accepted 3-year LTA with Zurich Municipal to 31 March 2022. Similar cover as before. £2m</p> <p>Vehicle insurance for the Council van approved by Policy & Finance Comm Min 25 31 July 2019, a 3-year LTA with Zurich to 3 August 2022.</p> <p>Cllr Kris Barker to undertake monthly auditing – Min 16 – 25 June 2019 Policy & Finance Comm.</p> <p>At the time of my visit (26 Nov 2019) there had not been a monthly audit for 3 months.</p> <p>Lots of policies and procedures in place and most on the Council’s website under “strategic documents”. The Council will be expected to review the policies as part of the “Quality Council” regime.</p>	<p>Risk Assessment review in the light of the coronavirus discussed by Policy & Finance Comm. 15 April 2020 Min 111. Felt to be little additional risk to the Council or its funds. No changes recommended.</p> <p>Annual Risk Assessment & Management Strategy reviewed in Oct 2019</p> <p>Renewal terms and cover for 2020-21 was agreed by Council – 11 May 2020 Min 10</p> <p>Response to interim query - Policy & Finance Comm 28 Jan 2020 Min 80 – Cllr T Martin appointed as Deputy to Cllr Barker.</p> <p>The Town Clerk provided me with a copy of the Statement of Internal Control for 2019-20 to be presented to a future Council Meeting for approval and signing.</p>
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<p>Budgetary Controls</p>	<ul style="list-style-type: none"> • Is the annual budgeting process reported and approved by the Council? <ul style="list-style-type: none"> ○ Budget/Precept amounts minuted? • Is the actual performance against the budgets reported to the Council during the year <ul style="list-style-type: none"> ○ Compare with Fin Regs? • Are significant variances explained in sufficient detail? 	<p>Quarterly Budget Reports presented to Policy & Finance Comm, eg 1st quarter to 31 July Min 27, Quarterly monitoring output from Accounting package on website under "Finance". Budget 2020-21 Workshop to be held on 7 Dec 2019</p>	<p>Annual Finance Meeting met on 20 Jan 2020, the draft Budget Report and related Minutes were discussed for almost 2.5hrs. Individual budget headings were approved under Min 156 including the Special Projects Budget of £193,200. The Budget is attached as an Annex to the Minutes showing a gross Budget of £562,760. A Precept Request of £496,710 for 2020-21 was resolved Min 157, equivalent to a Band D equiv. of £78.05pa. The Town Clerk has produced a colourful 2 page leaflet summarising the Council's Budget and Priorities for 2020-21.</p> <p>Policy & Finance Comm 28 Jan 2020 Min 83 recommended "that all committees provide quarterly reporting, including finance reviews and if a budget was not used it could be reallocated."</p>
<p>Section 137 expenditure</p> <p>£8.12 FOR 2019-20 (£7.86 FOR 2018-19)</p>	<ul style="list-style-type: none"> • What is the cash limit for the year? • Is a separate account/analysis kept? • Has the cash limit been exceeded? • Have the spending powers been properly used and Minuted? 	<p>Not required GPC adopted in May 2019.</p>	
<p>Book-keeping</p>	<ul style="list-style-type: none"> • Cashbook - is it: <ul style="list-style-type: none"> ○ Fit for purpose? ○ Up to date? ○ Arithmetically correct? ○ Balanced regularly? 	<p>Rialtas Business Systems (RBS) Omega accounts package The "purchase ledger" suite was brought in during July 2019 following some training received in June. Yes Yes Yes</p>	<p>Annual licence covers Omega Cashbook, Sales Ledger & Purchase Ledger – support & mtce licence up to 5 users.</p>

<p>Petty Cash</p>	<ul style="list-style-type: none"> • Has the amount of petty cash float been agreed? • Are all petty cash entries recorded? • Are payments made from petty cash fully supported by receipts / VAT invoices? • Are petty cash reimbursements signed for? • Is petty cash reimbursement carried out regularly? • Is petty cash balance independently checked regularly 	<p>No petty cash required, 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.</p>	<p>N/A</p>
<p>Payroll</p>	<ul style="list-style-type: none"> • Who is on the payroll and are contracts of employment in place? • Who is the RFO? • Have there been any changes to the establishment during the year? • Have there been any changes to individual contracts during the year? • Have new appointments and changes to contracts been approved and minuted? • Do salaries paid agree with those approved by the Council? • Have any ad-hoc payments or benefits been appropriately approved? • Have PAYE/NIC requirements been properly applied and accounted for? • Payroll outsourced? • WORKPLACE PENSION IN PLACE 	<p>Town Clerk – 37hrs pw Deputy Town Clerk – 25hrs pw Economic Development Officer – was 21hrs pw increased to 30hrs pw Business Apprentice offered permanent position as Marketing and Admin Asst. - 37hrs pw Facilities Manager (formerly Town Caretaker) – 25 hrs pw Finance Assistant – was 8hrs pw extended to 15hrs pw Office Cleaner – 4hrs pw</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 available to all staff.</p>	<p>Staffing Comm recommendations resolved by Council 9 Dec 2019 (Min 141) Deputy Clerk salary progression, Finance Asst now 16hrs pw Title change of the Town Caretaker to Facilities Manager previously reported.</p> <p>The payroll also includes the Town Sergeant, two Deputy Sergeants and Guildhall Cleaner (3.5hrs pw)</p>

<p>Payments</p>	<ul style="list-style-type: none"> • Are all payments recorded and supported by appropriate documentation? • Are payments minuted? • Review of DD's and SO's ? • STAFF costs definition for inclusion in Box 4 for 2019-20, check parity for 2018-19 ? Currently includes salary, tax, NIC & Pension (employee & ers) + taxable benefits (home working allowance, broadband & phone allowance etc NOT incl. • Has VAT been identified, recorded and reclaimed? • Are items above a de minimus amount purchased competitively? • Have internal control procedures been adhered to? • Contracts: <ul style="list-style-type: none"> ○ What contracts exist? ○ Compliance with SO's ○ Have any new contracts or contract variations/extensions been awarded in the year? ○ Procedures adopted for letting of contracts ○ Have contract payments been made in accordance with the contract document? 	<p>Town Clerk checks payroll output and credit card submissions before posting/paying – part of the “internal controls”. Cllr Barker as part of the monthly auditing should be undertaking monthly checks of the payment system, see earlier comments on page 2 of this Report.</p> <p>DD's set up for Sage payroll, EDF Energy, Royal Mail, New Star Networks, Lease Plan Uk Ltd</p> <p>RBS Omega accounting package fully complies with the AGAR definition of “staff costs”.</p> <p>Vat claims:- Qtr. 4 Jan to 31 Mar 2019 - £10,628 recd 15 May Qtr. 1 Apr to 30 Jun 2019 - £8,505 recd 13 Aug Qtr. 2 July to 30 Sept 2019 - £3,425 recd 7 Nov</p> <p>Good internal controls in place, overseen by the Finance Asst.</p> <p>The contractual arrangement with the Alexander Centre ceased in October 2019, which is reflected in the Budget for 2019-20.</p>	<p>Part of the remote audit involved checking a random selection of invoices/payments made during the last 4 months against the accounting records, no errors or omissions were found.</p> <p>Vat claims:- Qtr. 3 Oct to 31 Dec 2019 - £2,172 recd 3 Feb Qtr. 4 Jan to 31 Mar 2020 - £3,796 sent 14 May</p> <p>Sample contracts/agreements in place- S&A Steel Services Ltd – rental of storage container Broadbiz Web Serbices Ltd – web package, content management and security (billed monthly) For www.faversham.org Red Dog Publications – Visit Faversham PR & Marketing support Mitec Group – Office 365 licences & TalkTalk contracts Oyster Press – TC Newsletter and other printing New Star Networks Ltd – mobile phones</p>
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<p>Receipts</p>	<ul style="list-style-type: none"> • Are all receipts recorded correctly? • Are all receipts promptly banked? • Precept, CTSG and Sect 136 payments • Are internal controls of cash adequate? • Are invoicing arrangements adequate? 	<p>Other income is minimal, approx. £10k in first 6 months.</p> <p>Precept received, although the second instalment was late (10 Oct 2019)</p> <p>Some old invoices need attention to clear the balances outstanding to be done by the Finance Asst prior to the year-end closure of accounts.</p> <p>Belvedere Road Moorings using invoicing.</p>	<p>The Finance Asst had sorted out these old invoices prior to the closure of the accounts.</p>																								
<p>Bank reconciliation & PWLB Loans</p>	<ul style="list-style-type: none"> • What current/deposit accounts exist? • FSCS aware and compliant? • Are bank reconciliations regularly carried out for each account? • Level of Balances to Precept ratio • Are the cheque counterfoils, paying-in books and bank statements adequately referenced? • When was the last review of the banking arrangements? • Internet Banking/Corporate Card ? • Signature review (Two signatures required?) • Any PWLB loans ? 	<p>Bank Balances as at 30 Sept 2019 checked –</p> <table border="0"> <tr> <td>NatWest Current a/c No. 1133</td> <td>- £100</td> </tr> <tr> <td>NatWest Deposit a/c No. 8193</td> <td>- £114,189</td> </tr> <tr> <td>NatWest Deposit a/c No. 5901</td> <td>- £104,198</td> </tr> <tr> <td>Lloyds Bank a/c No. 9160</td> <td><u>- £29,617</u></td> </tr> <tr> <td>TOTAL</td> <td>£248,104</td> </tr> </table> <p>The use of the “earmarked reserves” are shown within the RBS accounting system.</p> <p>Lloyds Business Charge Card in place in the Town Clerk’s name.</p> <p>Min 011 – 13 May 2019 the following signatories were approved for both Lloyds and NatWest bank accounts. Cllrs Reynolds, Barker, T Martin, Jackson, Thomas, B J Martin, Blair, Hook</p> <p>Year-end sums outstanding as at 31 March 2019</p> <table border="0"> <tr> <td>Loan - £343,402</td> </tr> <tr> <td>Loan - £734,265</td> </tr> </table>	NatWest Current a/c No. 1133	- £100	NatWest Deposit a/c No. 8193	- £114,189	NatWest Deposit a/c No. 5901	- £104,198	Lloyds Bank a/c No. 9160	<u>- £29,617</u>	TOTAL	£248,104	Loan - £343,402	Loan - £734,265	<p>Bank Balances as at 31 March 2020 checked –</p> <table border="0"> <tr> <td>NatWest Current a/c No. 1133</td> <td>- £100</td> </tr> <tr> <td>NatWest Deposit a/c No. 8193</td> <td>- £64,207</td> </tr> <tr> <td>NatWest Deposit a/c No. 5901</td> <td>- £104,302</td> </tr> <tr> <td>Lloyds Bank a/c No. 9160</td> <td><u>- £102,151</u></td> </tr> <tr> <td>TOTAL</td> <td>£270,760</td> </tr> </table> <p>The use of the “earmarked reserves” are shown within the RBS accounting system.</p> <p>Year-end sums outstanding as at 31 March 2020</p> <table border="0"> <tr> <td>Loan - £339,962</td> </tr> <tr> <td>Loan - £727,608</td> </tr> </table>	NatWest Current a/c No. 1133	- £100	NatWest Deposit a/c No. 8193	- £64,207	NatWest Deposit a/c No. 5901	- £104,302	Lloyds Bank a/c No. 9160	<u>- £102,151</u>	TOTAL	£270,760	Loan - £339,962	Loan - £727,608
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<p>Assets and Asset Register (AR)</p>	<ul style="list-style-type: none"> • Are all the material assets owned by the Council recorded in an AR ? • Is the AR up to date? • Basis of Asset Values? • Are investments recorded? • • Are the valuations regularly reviewed? • Does the AR show the insurance values ? • Digital Photographic evidence? • Is there a separate Inventory List of low value items (e.g. below the insurance excess levels) ? 	<p>Full review to be done as part of the year-end audit.</p> <p>New assets include Lenevo Base Unit - £801 Fencing around St Nicholas Allotments Roundel Crest Town Hall - £2,442</p>	<p>12 Market Place Working Group - Heritage Hub and Magna Carta Exhibition and Community Exhibition Space Min 131 – 9 Dec 2019 Lenovo Tower i5 9400</p> <p>Solar Panels (Re No 72 Youth Bus)</p>
<p>Year-end procedures inc. AGAR</p>	<ul style="list-style-type: none"> • Does the AGAR Statement of Accounts agree with the cashbook? • Is there an audit trail from the financial records to the accounts? • Have debtors and creditors been properly recorded? • Date of approval of AGAR & Certificate of Exemption if applied • PROOF of public rights provision during summer 2019 & website- AIAR ICO L • New governance compliance regime - refer to new Practitioners' Guide 2019 	<p>10 June 2019 Mins 047 & 046 Sections 1 & 2 approved and on website.</p> <p>Date of Announcement – 14 June 2019 Public Inspection period – 17 June to 26 July Evidence – the website provider Vision ICT is unable to produce any evidence of proof of posting this information to the website. This may be an issue when completing the AGAR for 2019-20.</p>	<p>Draft AGAR 2019-20 figures for the Statement of Accounts were audited and compared to the RBS reports and bank statements provided.</p>

<p>Additional tests – (as necessary)</p>	<ul style="list-style-type: none"> • Computer systems: <ul style="list-style-type: none"> ○ The procedures for the backing up of computerised records ○ Council owned PC/laptop ? ○ Email security ○ Encryption of data? • Record keeping and the arrangements in place to store previous year's accounts etc. • Annual review of the effectiveness of Internal Audit inc. Appointment of IIA • Annual Statement of Internal Control • Website host and Webmaster • Website functionality & accessibility NALC L09-18 • TRANSPARENCY CODE compliant ? • Post GDPR (25 May 2018) <ul style="list-style-type: none"> ○ Privacy Notice ○ Cllr email addresses? ○ Email disclaimer ○ Other matters 	<p>IT security arrangements including back-up in place and overseen by MITEC Solutions</p> <p>The Council uses "sharepoint" to post information for "members only".</p> <p>Vision ICT Ltd provider of the website design</p> <p>Vision ICT are updating the website to respond to the "accessibility" requirements for all its users.</p> <p>Policies & Procedures page on the website contains 9 documents relating to GDPR including "privacy notices"</p> <p>The newly elected Cllrs have their own @favershamtowncouncil.gov.uk email address</p>	<p>No change to the IT support, back-up and security arrangements.</p> <p>The Town Clerk provided me with a copy of the Statement of Internal Control for 2019-20 to be presented to a future Council Meeting for approval and signing.</p> <p>Policy & Finance Comm 28 Jan 2020 Min 89 -</p> <p>RESOLVED to authorise the SSL Certificate for www.favershamtowncouncil.gov.uk at the cost of £125 for year one and £50 per annum thereafter</p> <p>The Council needs to seek confirmation from Vision ICT on compliance with the Accessibility Regs 2018. During the course of my Audit Visit I suggested the Town Clerk view two websites of Clients that I had recently audited who had what I would describe as an "accessibility app" view</p> <p>www.brenchleyandmatfield.co.uk and www.wrothampc.org</p>
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