

<p>Risk Assessment</p> <p>HIGH 0</p> <p>MEDIUM 4</p> <p>LOW 12</p>	<p style="text-align: center;">Faversham Town Council INTERNAL AUDIT 2020-2021 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 interim internal audit of the Council’s records for the six month period to 30 September 2020, following my audit visit and subsequent conversations on 9 November 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 Lousie 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 21 Oct 2020</p>	<p style="text-align: center;">Comments / Findings Year-end Audit XX XXX 2021</p>
<p>Previous Audits</p>	<ul style="list-style-type: none"> • Date of last External Audit Certificate or Exemption Certificate for 2019-20 • 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>At the time of my visit the Council had not received a response from PKF Littlejohn. Post Audit Note: PKF signed off the AGAR 2019-20 on 20 Nov 2020 with no comments, to be reported to Council 7 Dec 2020 A copy is on the website.</p> <p>The year-end Internal Audit Report (5 June 2020) approved by Policy & Finance (P&F) Comm 22 June 2020 Min 140</p>	

<p>Minutes</p>	<ul style="list-style-type: none"> • Scan of the minutes of the Council's meetings and the Finance Committee. • Virtual Meetings ? • General Power of Competence (GPC) ? • Dispensations • S.40 LA&A Act 2014 filming/recording 	<p>Minutes scanned to October 2020.</p> <p>Community Services Comm dissolved May 2020. Even with this there is still a heavy "meeting calendar" to service and attend, 8 + meetings per month.</p> <p>GPC in place Council awarded Quality Gold status</p>	
<p>Code of Conduct/ Acceptance of Office</p>	<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>Cllr D Knights resigned in Oct 2020</p> <p>11 Councillors listed but only 10 DPI's</p> <p>There are 3 vacancies.</p>	
<p>Standing Orders and Financial Regulations</p>	<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? • Virtual Meetings / Delegation to Clerk/RFO re Covid -19 ? • Updated re New NALC Models SO's 2018, Fin Regs 2019 ? • Two signature rule still in place? 	<p>Standing Orders re-adopted – P&F Comm 22 June 2020 Min 141</p> <p>Fin Regs last reviewed in Oct 2019</p>	

Risk Management

- **Risk Assessments** – Are they:
 - Carried out regularly?
 - Adequate?
 - Reported in the minutes?
 - **ANNUAL REVIEW ?**

- Insurance cover – is it:
 - Appropriate/Adequate?
 - LTA in place?
 - Reviewed regularly?
 - Fidelity Guarantee Cover £ (Balances + ½ Precept)

- **Internal controls** – are they:
 - Documented?
 - Adequate?
 - Reviewed regularly?
 - **Statement of Internal Control (SIC)?**

- Systems and Procedures – are they:
 - Documented?
 - Adequate?
 - Followed?
 - Reviewed regularly?

The Annual Review of Risk Management was carried out by P&F Comm on 15 April 2020 Min 111

3-year LTA with Zurich Municipal in place to 31 March 2022. £2m Fidelity cover in place. Vehicle insurance for the Council van approved by P&F Comm July 2019 -3-year LTA with Zurich Municipal to 3 August 2022.

Last year I reported that Cllr Barker was requested to undertake monthly auditing – P&F Comm 25 June 2019. This has been re-enforced by P&F Comm 28 Sept 2020 Min 162, following the discovery of some “mis-posted items” which will require the “restatement” of figures in next year’s AGAR. The “month-end” audit procedure carried out by Councillors & Clerk to be reported to P&F on a monthly basis. The Month End Audit checklist agreed as the reporting mechanism. At the time of my recent visit in October there had been no checks undertaken by Councillors since February 2020, which is a failure on both Councillors and the Finance Clerk to ensure these checks are undertaken to certify the payments are correct. I appreciate Covid-19 has impacted on various activities of the Council but there is obviously an expectation that this checking is to be carried out otherwise what was the point of the new requirements approved by P&F in Sept 2020.

Statement of Internal Control for 2019-20 approved by P&F Comm 22 June 2020 Min 139

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. **The Clerk has this pencilled in for February2021.**

<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? • Covid-19 implications ? 	<p>Monthly monitoring of budgets by P&F Comm with additional measures as described below under “Book-keeping”</p> <p>Virtual Budget Workshop planned for December 2020. The Tax Base for 2021-22 has not been received yet.</p> <p>No special events held due to Covid-19 resulting in a “net-saving” to the Budget.</p>	
<p>Section 137 expenditure</p> <p>£8.32 FOR 2020-21 (£8.12 FOR 2019-20)</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>P&F Comm 28 Sept 2020 Min 162 discussed a mis-posting in the year-end accounts for 2019-20. A correction will be made in the 2020-21 Accounts. Furthermore, “month-end” audit procedure carried out by Councillors & Clerk to be reported to P&F on a monthly basis. Month-end Checklist approved, Rialtas to provide a 6-monthly check of the system and Statement of Internal Control for 2020-21 to be reviewed.</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? • Date of last petty cash reimbursement ? • 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.</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? • Annual Appraisal in place ? • 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 PAYE/NIC requirements been properly applied and accounted for? • Payroll outsourced? • WORKPLACE PENSION IN PLACE 	<p>The only change to the establishment since my last visit in June 2020 is a new job title for the Economic Development Officer now – Visitor & Events Development Officer (Council 5 Oct 2020 Min 279)</p> <p>Most jobs have continued albeit working from home, remotely. The Clerk advised that more time is being spent in the Offices with careful management of social distancing as it is clear that some staff are more productive whilst in the “office”.</p> <p>A temporary home allowance as per the HMRC guidelines has been approved with an amended sum from September reflecting the more hours spent in the Office.</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>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 2020-21, check parity for 2019-20 ? 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? • 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>Monthly schedules checked against payments approved and paid – these are then listed on the website. Cllrs are expected to undertake 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 2020 - £3,796 recd 20 May Qtr. 1 Apr to 30 Jun 2020 - £4,504 recd 30 Aug Qtr 2 July to 30 Sept 2020 - £4,533 recd 15 Oct</p> <p>Sample contracts/agreements in place- Broadbiz Web Services Ltd – web package, content management and security (billed monthly) For Faversham Designs – website package for www.faversham.org Mitec Group – IT support Office 365 licences & TalkTalk contracts Amethyst Horticulture – Hanging basket mtce. D Miller – window cleaning KCS Prof. Services – Office printer rental Stannah Lift Services Ltd – lift mtce/servicing Zonkey Solutions Ltd – new Council website design/development Rialtas Business Solutions Ltd – IT/training support for the financial package Phil Jones Associates Ltd – 20 mph design/consultancy</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? • Covid-19 implications? 	<p>A Town-wide lottery or 100 club was being explored using an “external lottery management system” with no financial risk to the Council! P&F Comm 28 Sept 2020 Min 159. Approval given P&F 26 Oct 2020 Min 176, contract with Gatherwell Ltd as the external lottery provider. Hire rates for The Guildhall and 12 Market Place approved P&F 28 sept 2020 Min 164 effective from 1 April 2020</p> <p>This charging policy contradicts the Councils Action Plan 2020-21 item 10b as published on the website.</p> <p>No special events held due to Covid-19, but the Council is still trying to “engage” via webinars planned (20mph scheme & Cycle Fest) and National Tree Week click & collect</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 and if in place Financial Regs updated ? • Signature review (Two signatures required?) • Any PWLB loans ? 	<p>Bank Balances as at 1 Sept 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>- £219,154</td> </tr> <tr> <td>NatWest Deposit a/c No. 5901</td> <td>- £104,338</td> </tr> <tr> <td>Lloyds Bank a/c No. 9160</td> <td>- £43,208</td> </tr> <tr> <td>TOTAL</td> <td>£336,800</td> </tr> </table> <p>The use of the “earmarked reserves” are shown within the RBS accounting system.</p> <p>The Council needs to address the large sums of money held with NatWest in relation to the £85,000 threshold under the FSCS</p> <p>Lloyds Business Charge Card in place in the Town Clerk’s name, which has been heavily used during this period of “lockdown”.</p> <p>No change to the 8 signatures approved in May 2019, BUT only Saunders, Jackson & T Martin are on the mandate. This needs to be urgently pursued to add Cllrs Barker, Thomas, B J Martin and Hook</p> <p>Year-end sums outstanding as at 31 March 2020 Loan - £339,962 Loan - £727,608</p>	NatWest Current a/c No. 1133	- £100	NatWest Deposit a/c No. 8193	- £219,154	NatWest Deposit a/c No. 5901	- £104,338	Lloyds Bank a/c No. 9160	- £43,208	TOTAL	£336,800	
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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. New items in 2020-21 so far include bench and PC</p>	
<p>Year-end procedures Inc. AGAR</p>	<ul style="list-style-type: none"> • Does the 2020-21 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 2019-20 AGAR & Certificate of Exemption if applied • PROOF of public rights provision during summer 2020 & website- AIAR ICO L • New governance compliance regime - refer to new Practitioners' Guide 2020 	<p>Year-end procedures to be checked at final audit</p> <p>The AGAR 2019-20 was approved by Council 6 July 2020 Mins 247 & 248</p> <p>Date of Announcement – 10 July 2020 Public Inspection period – 13 July to 20 August 2020 Evidence – Items published on the website on 10 July 2020 - compliant</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 • Website host and Webmaster and any changes? • Website functionality & accessibility (23 Sept 2020 deadline) 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 inc DPO arrangements 	<p>No change to the IT support, back-up and security arrangements. IT security arrangements including back-up in place and overseen by MITEC Solutions “Sharepoint” used to post information for “members only”.</p> <p>Current website provider is Vision ICT, but the P&F Comm 27 July 2020 Min 154 discussed a possible alternative to pursue provided by Zonkey Solutions Ltd (Frome TC website provider). Subsequently approved by P&F 28 Sept 2020 Min 167. Expected to be live 16th December 2020</p> <p>Functionality to be enhanced with the introduction of the new website.</p> <p>Policies & Procedures page on the website contains 9 documents relating to GDPR including “privacy notices” Elected Cllrs have their own @favershamtowncouncil.gov.uk email address</p>	
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