

<p>Risk Assessment</p> <p><b>HIGH</b> 0</p> <p><b>MEDIUM</b> 1</p> <p><b>LOW</b> 15</p>	<p style="text-align: center;"><b>Faversham Town Council</b></p> <p style="text-align: center;"><b>INTERNAL AUDIT 2021-2022</b></p> <p style="text-align: center;"><b>AUDIT PLAN WITH COMMENTS / FINDINGS</b></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 2021, following my audit visit and subsequent conversations on 16 November 2021.</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 Finance Clerk Ms Emma Sunley for their assistance given to me during my audit visit.</p>		
<p style="text-align: center;"><b>Area</b></p>	<p style="text-align: center;"><b>Item</b></p>	<p style="text-align: center;"><b>Comments / Findings</b> <b>Interim visit 16 Nov 2021</b></p>	<p style="text-align: center;"><b>Comments / Findings</b> <b>Year-end Audit XX XXX 2022</b></p>
<p><b>Previous Audits</b></p>	<ul style="list-style-type: none"> <li>• <b>Date of last External Audit Certificate or Exemption Certificate for 2020-21</b></li> <li>• Comments if any</li> <li>• Publication on website.</li> <li>• Date of last Internal Audit</li> <li>• Comments if any</li> <li>• Review of any items outstanding from previous internal / external audit reports.</li> </ul>	<p>PKF Littlejohn signed off the 2020-21 Report &amp; Certificate on 9 Sept 2021, the Report was noted by the Policy &amp; Resources Comm on 27 Sept 2021 Min 282</p> <p>There were no matters raised.</p> <p>The documents are on the website.</p> <p>Year-end internal audit conducted on 28 May 2021</p> <p>P&amp;R Comm received the Report 28 June 2021 Min 259</p> <p>The only specific areas for concern to follow up on was the cash sums in excess of £300k as at 31 March 2021 held with NatWest Bank. P&amp;R Comm recommended £85k be transferred to Nationwide asap 28 June 2021 Min 260, now opened and £85k transferred.</p>	

Minutes	<ul style="list-style-type: none"> <li>• Scan of the minutes of the Council's meetings and the Finance Committee.</li> <li>• <b>General Power of Competence (GPC) ?</b></li> <li>• Dispensations</li> <li>• S.40 LA&amp;A Act 2014 filming/recording</li> </ul>	<p>Return to "face to face meetings" discussed by P&amp;F Comm 26 April 2021 Min 237  Council 6 April 2021 Min359 agreed the recommendations in the Town Clerks report.  The Council and Policy &amp; Resources Meetings (formerly Policy and Finance) will be held "face to face", <b>all the other Committees will now meet as Working Groups "virtually" BUT can only make recommendations to either the P&amp;R Comm or full Council.</b></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>• NEXT ELECTION ?</li> </ul>	<p>14 Councillors listed  Election results 6 May 2021  Cllr Mike Henderson  Cllr Christopher Cavanagh  Cllr Josh Rowlands</p> <p>DPIs available via the website</p> <p>May 2023</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>Virtual Meetings / Delegation to Clerk/RFO still in place?</b></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>P&amp;R Comm reviewed both Docs.  Standing Orders re-adopted –28 June 2021 Min 264</p> <p>Fin Regs reviewed 28 June 2021 Min 265</p> <p>Both documents are on the website.</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 Risk Assessment and Management Strategy 2021-24 can be found on the Council's website. The Annual Review of Financial Risk Assessment and Management was carried out by P&F Comm on 22 March 2021 Min 224

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.

Month end financial reports audited by Cllr Barker confirmed he had carried out audit checks in the Minutes of P&R Comm (eg Min 256 – 28 June 2021)

Statement of Internal Control for 2020-21 was considered by Policy & Resources 28 June 2021 Min 258

Lots of policies and procedures in place and most on the Council's website under Strategic Documents", Policies & Procedures and Finance Docs.

<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> <li>• <b>Ongoing Covid-19 implications ?</b></li> </ul>	<p>Monthly monitoring of budgets by P&amp;R Comm with additional measures as described below under "Book-keeping"</p> <p>Budget Workshop planned for 28 November 2021. The Tax Base for 2022-23 has not been received yet initial thinking is not to increase the Band D Tax for 2022-23</p> <p>No special events held due to Covid-19 resulting in a "net-saving" to the Budget.</p>	
<p><b>Section 137 expenditure</b></p> <p><b>£8.41 FOR 2021-22</b> (£8.32 FOR 2020-21)</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>Not required GPC adopted in May 2019.</p> <p>Grants Policy on the website.</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>Rialtas Omega system in place managed by the Finance Asst.</p> <p>Facilities Booking System from Rialtas approved by P&amp;R 28 June 2021 Min261</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>• <b>Date of last petty cash reimbursement ?</b></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>• <b>Annual Appraisal in place ?</b></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 PAYE/NIC requirements been properly applied and accounted for?</li> <li>• Payroll outsourced?</li> <li>• <b>WORKPLACE PENSION IN PLACE</b></li> </ul>	<p>No significant changes to existing working arrangements, all staff have “returned to work in the Offices” in some form agreed with the Town Clerk.</p> <p>The Facilities Manager now line manages the two Cleaners, Facilities Apprentice and does extra hours when contracted out to Oare PC, who are recharged for his services.</p> <p>Ms Brooke Williams redesignated – Community Development Officer</p> <p>Two Apprentices appointed – Abi Rainbow – Business Administration (from 17 Aug 2021) and Joseph Hannah Property Mtce &amp; Facilities (from 6 Sept 2021)</p> <p>The Council has commissioned LCC to undertake a staff review.</p> <p>Sage Payroll software used by the Finance Asst.</p> <p>LGPS pension scheme in place available to all eligible staff</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 2021-22, check parity for 2020-21 ? 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>• 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>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. Check lists to Sept 2021 on-file.</p> <p>DD's set up for Sage payroll, Bulb, 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><b>Vat claims:-</b> Qtr. 4 Jan to 31 Mar 2021 - £5,161 recd 2 June Qtr. 1 Apr to 30 Jun 2021 - £8,307 recd 28 Sept Qtr 1 July to 30 Sept 2021 - £13,3016 submitted</p> <p><b>Sample contracts/agreements in place-</b> Faversham Designs – visitfaversham.org Mitec Group – IT support Office 365 licences &amp; TalkTalk contracts D Miller – window cleaning KCS Prof. Services – Office printer rental Stannah Lift Services Ltd – lift mtce/servicing Zonkey Solutions Ltd – Council website design/development Rialtas Business Solutions Ltd – IT/training support for the financial package Phil Jones Associates Ltd – 20 mph design/consultancy Berendt Consulting Ltd – consultant for the “20 is plenty” initiative. JBS Trees Services – tree works Countrystyle – wheelie bin service</p>	
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<p>Receipts</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> <li>• <b>Ongoing Covid-19 implications?</b></li> </ul>	<p>Faversham and District Community Lottery overseen by the Lottery Working Group who reports to P&amp;R Comm change in distribution % approved by P&amp;R 27 Sept 2021 Min 284</p> <p>£1 ticket =  Community Fund Good Causes – 50p  FTC receives – 10p from all ticket sales  Admin. Fee – 20p  Prize Fund – 20p</p> <p>Externally managed by Gatherwell Lottery management Co.</p>											
<p>Bank reconciliation &amp; PWLB Loans</p>	<ul style="list-style-type: none"> <li>• What current/deposit accounts exist?</li> <li>• <b>FSCS aware and compliant?</b></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>• <b>Internet Banking/Corporate Card and if in place Financial Regs updated ?</b></li> <li>• Signature review (Two signatures required?)</li> <li>• Any PWLB loans ?</li> </ul>	<p>Bank Balances as at 30 Sept 2021 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>- £513,498</td> </tr> <tr> <td>NatWest Deposit a/c No. 5901</td> <td>- £104,350</td> </tr> <tr> <td>Lloyds Bank a/c No. 9160</td> <td>- £70,045</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>£687,993</b></td> </tr> </table> <p><b>The Council has recently approved the transfer of £85k to open a Nationwide Business 95 day Saver account (3556) BUT the Council needs to spread the cash reserves wider rather than leave such huge sums with NatWest Bank.</b></p> <p>Lloyds Bank signatories are Cllrs T Martin, J Saunders, B Martin and Ms C Jackson, the Town Clerk and Finance Asst are also signatories to enable them to undertake the administrative roles. Nationwide signatories are Cllrs Rowlands, Barker, T Martin and T Williams.</p> <p>Year-end sums outstanding at 31 March 2021 = £1,057,159</p>	NatWest Current a/c No. 1133	- £100	NatWest Deposit a/c No. 8193	- £513,498	NatWest Deposit a/c No. 5901	- £104,350	Lloyds Bank a/c No. 9160	- £70,045	<b>TOTAL</b>	<b>£687,993</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>Additional computer hardware includes a Lenovo laptop and two Lenovo PC's and Monitors for use by the two newly appointed Apprentices.</p> <p>The modification works to create a "visitor centre area", due to finish ready for opening Jan 2022. The Magna Carta display scheduled for Spring 2022</p>	
<p><b>Year-end procedures Inc. AGAR</b></p>	<ul style="list-style-type: none"> <li>• Does the <b>2021-22 AGAR Statement of Accounts</b> 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 2020-21 AGAR &amp; Certificate of Exemption if applied</b></li> <li>• <b>PROOF of public rights provision during summer 2021 &amp; website- AIAR ICOs</b></li> <li>• New governance compliance regime - refer to new <b>Practitioners' Guide 2021</b></li> </ul>	<p>Year-end procedures to be checked at final audit</p> <p>The AGAR 2020-21 was approved by Council 7 June 2021 Mins 387 &amp; 388, the RFO had signed off the Statement of Accounts on 28 May 2021</p> <p><b>Date of Announcement</b> – 11 June 2021 <b>Public Inspection period</b> – 14 June to 30 July 2021 <b>Evidence</b> – Posting date was the 11 June 2021</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>• Annual review of the effectiveness of Internal Audit inc. Appointment of IIA</li> <li>• <b>Website host and Webmaster and any changes?</b></li> <li>• <b>Website functionality &amp; accessibility (23 Sept 2020 deadline) 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 inc DPO arrangements</b></li> </ul> </li> </ul>	<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 Office 365 applications in use Virtual meetings via Teams and Zoom. VOIP phone system in place.</p> <p>The website provided by Zonkey Solutions Ltd went live in December 2020.</p> <p>Functionality has improved. Webmaster is the Town Clerk</p> <p>Policies &amp; 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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