

<p>Risk Assessment</p> <p>HIGH 0</p> <p>MEDIUM 0</p> <p>LOW 16</p>	<p style="text-align: center;">Faversham Town Council</p> <p style="text-align: center;">INTERNAL AUDIT 2023-2024</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 interim internal audit of the Council’s records for the six month period to 30 September 2023, following my audit visit and subsequent conversations on 18 October 2023.</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 the Finance Asst Ms Fiona Palmer 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 18 Oct 2023</p>	<p style="text-align: center;">Comments / Findings Year-end Audit XX XXX 2024</p>
<p>Previous Audits</p>	<ul style="list-style-type: none"> • Date of last External Audit Certificate or Exemption Certificate for 2022-23 • 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>Mazars signed off the Report & Certificate 2022-23 on 4th October 2023 with one “except for” matter relating to a comment in my Internal Report regarding the payments checks by the Councillor Auditors had not been completed for the last quarter of 2022-23. Council 18 Oct 2023 noted the Auditors Report and Certificate for 2022-23.</p> <p>The unaudited AGAR was posted correctly in June 2023 but due to the delayed sign-off by Mazars the Conclusion of Audit Notice was not posted until October 2023 missing the 30 Sept deadline.</p> <p>The Year-end Internal Audit Report for 2022-23 was considered by Cllrs attending P&R Comm 5 June 2023 Min 010 noting the “savings options”.</p>	

Minutes	<ul style="list-style-type: none"> • Scan of the minutes of the Council's meetings and the Finance Committee. • General Power of Competence (GPC) ? • Dispensations • S.40 LA&A Act 2014 filming/recording 	<p>Minutes and Agendas are available to view on the website as are any accompanying reports/papers.</p> <p>Following the May 2023 Election the Council resolved to adopt the General Power of Competence – Council 15 May 2023 Min 009</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>All 4 Wards held elections on 4 May 2023 resulting in 14 Cllrs being elected. There are 7 new Cllrs and 7 returning Cllrs. NB Notice of Vacancies posted to website on 25 Oct 2023 following the resignations of Cllr Eddie Thomas (Watling) and Cllr Chris Williams (Abbey)</p> <p>DPIs available via the website</p> <p>May 2027</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? • Virtual Meetings / Delegation to Clerk/RFO still in place? • Updated re NALC Models SO's 2018 updated April 2022, Fin Regs 2019 ? • Two signature rule still in place? 	<p>P&R Comm 5 June 2023 Mins 006 & 007 resolved to update the Standing Orders and accept the existing Financial Regulations.</p> <p>Scheme of delegation to Committees, Working Groups and Staff reviewed by P&R Comm for approval by Council – Council 15 May 2023 Min 021 An updated Scheme of Delegation is going to P&R Comm in November 2023.</p>	

Risk Management

<ul style="list-style-type: none"> ● Risk Assessments – Are they: <ul style="list-style-type: none"> ○ Carried out regularly? ○ Adequate? ○ Reported in the minutes? ○ Inspections of play equipt etc if carried out by staff/Cllrs have they been trained, accredited? ○ 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>The Risk Assessment and Management Strategy Policy approved by P&R Comm 17 April 2023 Min 439</p> <p>P&R Comm 2 Oct 2023 Min 053 – Reinstatement Valuation of the Town Hall building noted and to be forwarded to the Insurance Company.</p> <p>The Council is not responsible for any play areas/equipment.</p> <p>Insurance arrangements for 2023-24 noted by Council 15 May 2023 Min 023</p> <p>The second year of the existing 3-year LTA with Zurich Municipal commenced on 1 April 2023 as advised to the new Council at it Annual Meeting held on 15 May 2023.</p> <p>The vehicle insurance renewed to 2 Aug 2024 with Zurich Municipal.</p> <p>Hayes Parsons Specialist insurance broker to renew the Collection Insurance Policy, From 16 May 2023 to 15 May 2024.</p> <p>The Statement of Internal Control for 2023-24 was discussed and accepted by P&R 17 April 2023 Min 438</p> <p>P&R Comm 5 June 2023 Min 012 – appointment of Cllrs Cook & Crayford (reserve) to carry out the monthly audits on behalf of the Committee.</p> <p>P&R Comm 5 June 2023 Min 008 resolved to accept the List of Policies and the proposed review dates.</p> <p>Min 009 to accept of the Grant Policy.</p> <p>P&R Comm 4 Sept 2023 Min 045 Policies reviewed and accepted – Code of Conduct, Dignity at Work, Civility and Respect on Social Media, Complaints, Safeguarding and the Publication Scheme.</p> <p>P&R Comm 2 Oct 2023 Min 052 Policies reviewed and accepted – Vexatious Complainant and Document Retention Policies</p> <p>The Town Clerk advised that all policies will be reviewed and updated as necessary through the year.</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? ○ Review of All Reserves included as part of the Budget Setting Process? • 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>Monthly monitoring of budgets by P&R Comm using the Omega Reports, eg 3 July 2023 Min 020 and 15 Aug 2023 Min 029 Quarterly Reports available on the website. Earmarked Reserves Review – P&R 15 Aug 2023 Min 030</p> <p>2024-25 Budget & Precept Cllrs Budget Workshop scheduled for 9 Dec 2023 Annual Finance Meeting 15 Jan 2024.</p>	
<p>Section 137 expenditure</p> <p>£9.93 FOR 2023-24 (£8.82 FOR 2022-23)</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>The S137 limit for 2023-24 announced increased by 12.5% (the RPI increase Sept 2021 to 2022) to £9.93</p> <p>Not required GPC adopted in May 2023.</p>	
<p>Book-keeping</p>	<ul style="list-style-type: none"> • Cashbook - is it: • Fit for purpose? • Up to date? • Arithmetically correct? • Balanced regularly? • Turnover above £200k pa ? Income & Expenditure basis of accounting? • Record keeping and the arrangements in place to store previous year's accounts etc. 	<p>Rialtas Omega system in place managed by the Finance Clerk (Ms Palmer)</p> <p>Facilities Booking System also provided by Rialtas</p> <p>The Council accounts on an Income and Expenditure basis.</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>Temporary Float taken out for the Transport Weekend event to pay for expenses.</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? • Members Allowances in place and paid via payroll system? • 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>Changes to the Establishment are as follows:- Maternity Cover for the Finance Clerk continues - Ms Fiona Palmer working 10 hrs pw from 14 March 2023. Staffing Comm and Council 16 June 2023 Min 057 - New Events Officer position approved. Ms Claire Elliott appointed to commence 30 Oct 2023 (32 hrs pw). Visit Faversham Co-ordinator – to be made permanent at the end of the trial period Sept 2023 (10 hrs pw) The Facilities Apprentice to be offered a permanent position of Town Ranger with agreed job description and salary (full-time) Worknest provides HR Advice and support. Cedar Bookkeeping & Payroll Ltd have been engaged to manage the payroll during the maternity leave period of the Finance Clerk. They took over in March 2023 and processed the year-end work including the P60's. There are now 6 staff in the pension scheme</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 2023-24, check parity for 2022-23 ? 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>P&R Comm 2 Oct 2023 Min 051 – Payments for Authorisation review, resolved to accept the current process, which is compliant with the Fin Regs.</p> <p>Monthly schedules checked against payments approved and paid – these are then listed on the website.</p> <p>Cllrs are expected to undertake monthly checks of the payment system. Check lists up to date.</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>Vat claims:- Qtr. 4 Jan to 31 Mar 23 - £9,861 recd 13 April 23 Qtr. 1 Apr to 30 Jun 23 - £8,450 recd 8 Aug 23 Qtr. 2 July to 30 Sept 23 - £6,326 recd 10 Oct 23</p> <p>Sample contracts/agreements in place- Mitec Group – IT support Office 365 licences & TalkTalk contracts KCS Prof. Services – Office printer rental Stannah Lift Services Ltd – lift mtce/servicing Zonkey Solutions Ltd – Council website design/development Berendt Consulting Ltd – consultant for the "parishes to town" initiative. Countrystyle – wheelie bin service Active Cycling Projects – Town Bike Hire Scheme Amethyst Horticulture – seasonal planters/watering Brogdale CIC – 3 year contract Cedar Bookkeeping & Payroll Ltd – payroll mgt. Worknest – employment law and HR support services commenced a 5-year contract on 16 Nov 2022. Gatherwell – Lottery management services</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 income records inc allotments, burials, hirings adequate? • Are invoicing arrangements adequate? 	<p>P&R Comm 2 Oct 2023 Min 055 – Sum Up Solo card payment machine approved to enable card payments.</p> <p>Council 11 Sept 2023 Min 100 resolved to cease the bike hire trial (Bike APP) as SBC’s funding has been expended.</p> <p>Community Transport Grant - £59,295 used for a 3-year lease vehicle to provide a localised community transport service.</p>													
<p>Bank reconciliation & PWLB Loans</p>	<ul style="list-style-type: none"> • What current/deposit accounts exist? • Investment Strategy recommended where bank balances are in excess of £100k. FSCS aware ? • 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 30 Sept 2023 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>- £125,809</td> </tr> <tr> <td>NatWest Deposit a/c No. 5901</td> <td>- £19,557</td> </tr> <tr> <td>Lloyds Bank a/c No. 9160</td> <td>- £107,580</td> </tr> <tr> <td>Nationwide a/c No. 8973</td> <td>- £86,531</td> </tr> <tr> <td>TOTAL</td> <td>£339,577</td> </tr> </table> <p>1 Unpresented cheque for £62.40.</p> <p>There are monthly bank reconciliations checked by the Cllr Auditors.</p> <p>NSI worth a look following the recent interest rises with the added advantage that there is no restriction in terms of savings protection (normally up to £85k)</p> <p>Lloyds Charge Card in place</p> <p>Council 15 May 2023 Min 016 reviewed the bank signatories for the Lloyds, NatWest & Nationwide, following the May 2023 elections some former signatories were no-longer Cllrs. Additional Cllrs were added to all 3 banks, Lloyds + 3 (6 in total) Cllrs, NatWest + 4 (8 in total) and Nationwide + 6 (8 in total)</p> <p>NatWest changes have been delayed not helped by the branch closure.</p> <p>PWLB loans o/s as at 31 Mar 2023 = £1,035,350</p>	NatWest Current a/c No. 1133	- £100	NatWest Deposit a/c No. 8193	- £125,809	NatWest Deposit a/c No. 5901	- £19,557	Lloyds Bank a/c No. 9160	- £107,580	Nationwide a/c No. 8973	- £86,531	TOTAL	£339,577	
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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>The Council has leased a community mini bus, which can be shown as a “memo item” within the Asset Register BUT not included in the value of assets shown in Box 9 on the Statement of Accounts.</p> <p>There have been no new assets to report since 31 March 2023.</p> <p>Council 11 Sept 2023 Min 099 resolved to seek the transfer of TS Hazard and Town Quay into the Council's ownership.</p>	
<p>Year-end procedures Inc. AGAR</p>	<ul style="list-style-type: none"> • Does the 2023-24 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 2022-23 AGAR & Certificate of Exemption if applied • PROOF of public rights provision during summer 2023 & website– AIAR ICOs • Public Inspection Period Minuted ? • New governance compliance regime - refer to new Practitioners' Guide 2023 	<p>Year-end procedures to be checked at final audit</p> <p>The AGAR 2022-23 was approved by Council 12 June 2023 Mins 049 & 050, the RFO had signed off the Statement of Accounts on 15 June 2023</p> <p>Date of Announcement – 16 June 2023 Public Inspection period – 19 June to 28 July 2023 Evidence – Posting dates of documents shown on the website</p> <p>Council 12 June 2023 Mins 051 agreed the above dates for the exercise of public rights</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? • Trust Funds/Charities – Charity Commission filing? • Annual review of the effectiveness of Internal Audit inc. Appointment of IIA • Website host and Webmaster and any changes? • Website functionality & accessibility NALC L09-18 • TRANSPARENCY CODE compliant especially for Exempt Authorities • Post GDPR (May 2018) <ul style="list-style-type: none"> ○ Privacy Notice ○ Cllr email addresses? ○ Email disclaimer ○ Other matters inc DPO arrangements 	<p>There have been no major changes to the IT support, back-up and security arrangements since my last visit in May 2023.</p> <p>IT security arrangements including back-up in place and overseen by MITEC Solutions</p> <p>Office 365 applications in use</p> <p>Virtual meetings via Teams and Zoom.</p> <p>VOIP phone system in place.</p> <p>n/a</p> <p>P&R Comm 3 July 2023 Min 022 I was appointed IIA for the year 2023-24.</p> <p>The website provided by Zonkey Solutions Ltd went live in December 2020.</p> <p>Functionality is good, although the ability to open more than one webpage at a time would be useful.</p> <p>Webmaster is the Town Clerk</p> <p>Policies & Procedures page on the website includes policies relating to GDPR including “privacy notices”</p> <p>Elected Cllrs have their own @favershamtowncouncil.gov.uk email address</p> <p>MITEC have been advised of the Cllrs who have stood down, to have their email addresses closed and new ones have already been set-up for the 7 new Cllrs and published on the website</p>	
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