

<p>Risk Assessment</p> <p>HIGH 0 MEDIUM 1 LOW 15</p>	<p style="text-align: center;">Faversham Town Council INTERNAL AUDIT 2024-2025 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 2024, following my audit visit and subsequent conversations on 4 November 2024.</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 & Minutes Asst Ms Emma Sunley 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 4 Nov 2024</p>	<p style="text-align: center;">Comments / Findings Year-end Audit XX XXX 2025</p>
<p>Previous Audits</p>	<ul style="list-style-type: none"> • Date of last External Audit Certificate or Exemption Certificate for 2023-24 • 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>Forvis Mazars (formerly Mazars) signed off the Report & Certificate 2023-24 on 8th Sept 2024 with no one matters to report, posted to the website on 12 Sept 2024. P&R Comm 30 Sept 2024 Min 150 & Council 14 Oct 2024 Min 301 noted the conclusion of the 2023-24 AGAR noted the Auditors Report and Certificate for 2023-24.</p> <p>The Year-end Internal Audit Report for 2023-24 was considered by Cllrs attending P&R Comm 3 June 2024 Min 123 noting the Report.</p>	
<p>Minutes</p>	<ul style="list-style-type: none"> • Review of the Council minutes in particular the full Council meetings and the Committees responsible for Governance & Finance matters. • General Power of Competence (GPC) ? • Dispensations in place eg - 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. As reported previously P&R Comm 5 Feb 2024 Min 081 – reviewed the Committees and Meeting Calendar for 2024-25. Recommendations to Town Council included resuming monthly meetings, which was amended by Council 12 Feb 2024 Min 176 with proviso that Chairs/Vice Chairs can choose to cancel a meeting in liaison with the Town Clerk at short notice if there are no items for decision.</p>	

		<p>Following the May 2023 Election the Council resolved to adopt the General Power of Competence – Council 15 May 2023 Min 009 NALC Star Awards 2024 P&R 1 July 2024 Min 135 Town Clerk given delegated powers to apply on the Council's behalf.</p> <p>Local Council Award Scheme Quality Gold – re-application in process</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 visit? • DPI's complete • DPI's on website or weblink • New Governance Compliance NEXT ELECTION ? 	<p>Cllr Gibson (Abbey ward) & Jones (Watling ward) elected and appointed to Committees in Jan 2024 following two resignations in Oct 2023. There have been no changes in Town Councillors since then.</p> <p>The DPI information is available via a weblink on the Swale BC website although all the DPIs are summarised,</p> <p>May 2027</p>	
Standing Orders (SOs) and Financial Regulations (FRs)	<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 and minuted? • Are Tender/contract values consistent between SOs & FRs and changes been formally adopted by the Council? • Virtual Meetings / Delegation to Clerk/RFO still in place ? • Updated re New NALC Models SO's 2022, Fin Regs 2024 ? <p>Two signature rule still in place?</p>	<p>P&R Comm 3 June 2024 Mins 118 & 119 resolved to adopt the updated Standing Orders 2024 and the new model Financial Regulations 2024</p> <p>Scheme of delegation to Committees, Working Groups and Staff adopted October 2023 and reviewed by P&R Comm 3 June 2024 Min 122</p> <p>Updates in place 2 signature rule in place</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 equipment etc if carried out by staff/Cllrs have they been trained, accredited? 	<p>The Risk Assessment and Management Strategy 2024-25 approved by P&R Comm 2 April 2024 Min 099</p> <p>No responsibility for play areas</p>	

	<ul style="list-style-type: none"> ○ 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>Council 8 April 2024 Min 207 insurance cover for 2024-25 (the final year of the LTA) approved. The vehicle insurance renewed to 2 Aug 2024 with Zurich Municipal. Endsleigh Insurance – re Community Minibus cover from 23 Feb 2024 to 22 Feb 2025 Hayes Parsons Specialist insurance broker to renew the Collection Insurance Policy, From 16 May 2024 to 15 May 2025.</p> <p>The Statement of Internal Control for 2024-25, which included the Cllr Audits was discussed and accepted by P&R 2 April 2024 Min 098.</p> <p>P&R Comm 4 Mar 2024 Min 089 – Cllr Eyre nominated to replace Cllr Crayford as a Cllr Auditor. Council 8 July 2024 Min 257 resolved to appoint Cllr Saunders as a second Cllr Auditor. P&R Comm 3 June 2024 Min 121 & 122 - Grant Policy, Code of Conduct, Complaints Policy, Publication Scheme, Training Policy, H&S Policy, Scheme of Delegation and General Terms of Reference for Comms & Working Groups. P&R Comm 2 Sept 2024 Min 143 – Flag Flying Policy, Robe Wearing Policy P&R Comm 30 Sept 2024 Min 154 - Volunteer Policy, Lone Working Policy Civility & Respect Pledge renewed Council 14 Oct 2024 Min 304</p>	
<p>Budgetary Controls</p>	<ul style="list-style-type: none"> ● Is the annual budgeting process reported and approved by the full Council? <ul style="list-style-type: none"> ○ Budget/Precept amounts minuted? ○ Review of All Reserves included as part of the Budget Setting Process? 	<p>Monthly monitoring of spend against budgets by P&R Comm using the Omega Reports, eg 1 July 2024 Min 130 and 30 Sept 2024 Min 149 Quarterly Reports available on the website.</p> <p>2025-26 Budget & Precept Cllrs Budget Workshop scheduled for 9 Nov 2024 Annual Finance Meeting 20 Jan 2025.</p>	

	<ul style="list-style-type: none"> Is the actual performance against the budgets reported to the Council during the year <ul style="list-style-type: none"> Compare with Fin Regs requirements? Are significant variances explained in sufficient detail? 		
<p>Section 137 expenditure if relevant (GPC adopted?)</p> <p>£10.81 FOR 2024-25 (£9.93 FOR 2023-24)</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? <p>Have the spending powers been properly used and Minuted?</p>	Not required GPC adopted in May 2023.	
Book-keeping	<ul style="list-style-type: none"> Cashbook - is it: <ul style="list-style-type: none"> Fit for purpose? Arithmetically correct? Balanced regularly? Reported to Council 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 Sunley)</p> <p>Facilities Booking System also provided by Rialtas</p> <p>The Council accounts on an Income and Expenditure basis.</p>	
Petty Cash	<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? 	A Community Bus float of £20 in place to assist with the management of the community bus service. Cash above the £20 float is banked on a weekly basis.	

	<ul style="list-style-type: none"> • Date of last petty cash reimbursement/top-up? • Is petty cash balance independently checked regularly 		
<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 and/or 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/NI/Pension requirements been properly applied and accounted for? • Payroll outsourced? <p>WORKPLACE PENSION IN PLACE</p>	<p>Staffing Comm 4 Mar 2024 accepted by Council 11 Mar 2024 Min 198 FTC to become a Living Wage Employer</p> <p>Council 12 Aug 2024 Min 284 approved position of Community Bus Officer (8hrs pw) and Assistant to the Town Clerk be retitled Office Manager. Karen Sutton – Community Bus Officer appointed from 27 Aug 2024 - 8hrs pw managed by the Facilities Manager (noted by Council 9 Sept 2024 Min 293)</p> <p>Cedar Bookkeeping support ended at end of March 2024. The Finance & Minutes Officer completed the year-end tax returns and P60's and has resumed the payroll administration duties.</p> <p>8 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 2024-25, check parity for 2023-24 ? Currently includes salary, tax, NIC & Pension (employee & 	<p>P&R Committee receives regular reports</p> <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 up to date. Review of regular payments – P&R Comm 1 July 2024 Min 132. DD's & SO's set up for Sage payroll, Bulb, Royal Mail, New Star Networks, Lease Plan Uk Ltd, Castle Water & Octopus Energy (electricity supplies)</p> <p>RBS Omega accounting package fully complies with the AGAR definition of "staff costs".</p>	

	<p>ers) + taxable benefits (home working allowance, broadband & phone allowance etc NOT incl.)</p> <ul style="list-style-type: none"> ● Has VAT been identified, recorded and reclaimed? ● Have internal control procedures inc. segregation of duties been adhered to? ● Contracts: <ul style="list-style-type: none"> ○ What contracts exist? ○ Compliance with SOs & FRs for letting of contracts? ○ Have any new contracts or contract variations and/or extensions been awarded in the year? ○ Have contract payments been made in accordance with the contract document? 	<p>Vat claims:- Qtr. 4 Jan to 31 Mar 24 - £8,881 recd 30 April 24 Qtr. 1 Apr to 30 Jun 24 - £4,114 recd 9 Aug 24 Qtr. 2 July to 30 Sept 24 - £6,178 submitted 28 Oct 24</p> <p>Sample contracts/agreements in place- Mitec Group – IT support Office 365 licences & TalkTalk contracts Procurement Services Digital (trading arm of KCC) – 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 Amethyst Horticulture – seasonal planters/watering Brogdale CIC – 3 year contract Worknest – employment law and HR support services commenced a 5-year contract on 16 Nov 2022. Gatherwell – Lottery management services Initial – hygiene supplies (3-yr contract from 20 June 2024) Fuelcard Services – Minibus fuel Wiglet Design & print – various artwork designs as requestd eg Newsletters, Faversham Passport</p>	
<p>Receipts</p>	<ul style="list-style-type: none"> ● Are all receipts recorded correctly? ● Are all receipts promptly banked? ● Precept, CTSG and Sect 106 & CIL payments ● Are income records inc allotments, burials, hirings adequate? ● Are invoicing arrangements adequate including VAT where applicable? 	<p>Sum-up machine in place for card payments. Main other income sources - Weddings - £6,000 Mooring fees - £6,160 Faversham Lottery - £4,400 Community Bus - £1,840 Various Events - £3,500</p> <p>At the time of my visit there were significant debtors regarding the Front Brents and Belvedere Road mooring fees. 4 Licensees had not paid anything for the 2024-25 mooring. The Mooring Agreement refers to an additional charge for late payment and in exceptional circumstances a lien on the vessel. A more proactive approach to these debtors should be considered.</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 and signed off by Councillors? • Year-end 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? • Debit/Credit Card? • and if in place Financial Regs up to date ? • Signature review (Two signatures required?) • Any PWLB loans in place ? 	<p>Bank Balances as at 30 Sept 2024 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>- £4,022 (1.45%)</td></tr> <tr><td>NatWest Deposit a/c No. 5901</td><td>- £7 (1.45%)</td></tr> <tr><td>NatWest Liq Man 35day No. 8240</td><td>- £66,345 (3.20%)</td></tr> <tr><td>Lloyds Bank Current a/c No. 9160</td><td>- £343,637</td></tr> <tr><td>Lloyds 32 Day Notice a/c No.</td><td>- £10,490 (2.50%)</td></tr> <tr><td>Lloyds 32 Day Holding Account</td><td>- £40,000 **</td></tr> <tr><td>Nationwide a/c No. 8973</td><td>- £89,568 (4.30%)</td></tr> <tr><td>Unity Trust a/c No 9760</td><td>- £85,000 (4.85%)</td></tr> <tr><td>Unity Trust Instant Access 3626</td><td>- £58 (2.72%)</td></tr> <tr><td>CCLA a/c opened 7 May 2024</td><td>- £50,831</td></tr> <tr><td>TOTAL</td><td>£690,058</td></tr> </table> <p>** withdrawal request submitted.</p> <p>Interest earned to 30 Sept 2024 = £2.8k</p> <p>There are monthly bank reconciliations checked by the Cllr Auditors. P&R Comm 3 June 2024 Mins 120 resolved to adopt the Investment Strategy Policy 2024</p> <p>Lloyds Charge Card in place</p> <p>Bank Signatories for all bank accounts noted by Annual Council 20 May 2024 Min 235</p> <p>PWLB Loans Year-end sums outstanding at 31 March 2024 = £1,023,932</p>	NatWest Current a/c No. 1133	- £100	NatWest Deposit a/c No. 8193	- £4,022 (1.45%)	NatWest Deposit a/c No. 5901	- £7 (1.45%)	NatWest Liq Man 35day No. 8240	- £66,345 (3.20%)	Lloyds Bank Current a/c No. 9160	- £343,637	Lloyds 32 Day Notice a/c No.	- £10,490 (2.50%)	Lloyds 32 Day Holding Account	- £40,000 **	Nationwide a/c No. 8973	- £89,568 (4.30%)	Unity Trust a/c No 9760	- £85,000 (4.85%)	Unity Trust Instant Access 3626	- £58 (2.72%)	CCLA a/c opened 7 May 2024	- £50,831	TOTAL	£690,058	
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<p>Assets changes Asset Register (AR) and Investment Register if applicable.</p> <p>Loans by the Council</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 and Reviews • Are long-term investments recorded? • Does the AR show the insurance values ? 	<p>Asset Value at 31 March 2024 = £3,182,910</p> <p>T S Hazard Building – The Town Clerk updated me on the possible transfer of this asset from Swale BC</p> <p>Approval to purchase a new Mayoral robe and 2 hats - P&R Comm 4 Nov 2024 Min 163</p> <p>The Asset Register is being updated by the Finance & Minutes Asst</p>																									

	<ul style="list-style-type: none"> • Digital Photographic evidence? • Is there a separate Inventory List of low value items (e.g. below the insurance excess levels) ? • Loans to local bodies including any indemnities in place. 	None	
<p>Year-end procedures Inc. AGAR</p>	<ul style="list-style-type: none"> • Does the 2024-25 AGAR Statement of Accounts agree with the cashbook? • Is there an audit trail from the financial records to the accounts and have debtors and creditors been properly recorded? • Date of approval of 2023-24 AGAR & Certificate of Exemption criteria met, exemption declared • PROOF of public rights provision during summer 2024 & website– AIAR ICOs • Public Inspection Period Minuted ? • Governance compliance regime - refer to Practitioners’ Guide 2024 	<p>Year-end procedures to be checked at final audit</p> <p>The AGAR 2023-24 was approved by Council 10 June 2024 Mins 248 & 249. Minute 248 lists the individual responses to the Assertions in Section 1 of the AGAR. The RFO had signed off the Statement of Accounts on 28 May 2024</p> <p>Date of Announcement - 14 June 2024 Public Inspection period – 17 June to 26 July 2024 Evidence – Published on website 14 June 2024 Council 10 June 2024 Min 250 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? 	<p>There have been no major changes to the IT support, back-up and security arrangements since my last visit in May 2024.</p> <p>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>Not applicable</p>	

	<ul style="list-style-type: none">• 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 disclaimerOther matters inc DPO arrangements	<p>P&R Comm 3 June 2024 Min 124, I was appointed IIA for the year 2024-25.</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. Webmaster is the Town Clerk</p> <p>Policies & Procedures page on the website includes policies relating to GDPR including “privacy notices” Elected Cllrs have their own @favershamtowncouncil.gov.uk email address</p>	
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