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| <p>Risk Assessment</p> <p>HIGH 0</p> <p>MEDIUM 2</p> <p>LOW 14</p> | <p style="text-align: center;">Graveney & Goodnestone Parish 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 Graveney & Goodnestone Parish Council (the “Council”), that I have completed my annual internal audit of the Council’s records for the twelve month period to 31 March 2020, following my remote audit and subsequent conversations on 13 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 Clerk, Ms Sarah Blair for his 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</p> <p style="text-align: center;">Annual Audit 2 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>Certificate of Exemption signed 13 May 2019, Gross income £15,459 and Gross Expenditure £10,896 Certificate posted to the website with the rest of the AGAR 2018-19 including the Bank Reconciliation and the Explanation of Variances.</p> <p>5 May 2019 – Received and excepted by Council – 10 June 2019 Min 36b, 36c referred to on-line banking but the Council agreed to stay with HSBC and to amend the existing mandate if possible to do so without incurring fees.</p> <p>The number of bank signatories had been raised I the previous year and due to confusion at the “bank-end”, the Clerk had been asked to investigate internet banking. My report referred to the excellent 2-signature internet banking facility provided by Unity Trust Bank, widely used by my Clients.</p> |

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| 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>The Minutes are well presented and the Clerk maintains an "action list".</p> <p>Extraordinary Meeting held on 26 March 2020 via email due to Covid-19 lockdown banning face to face meetings. Min 187 approval of Scheme of Delegation effective from 27 March 2020 – authorise spend up to £1,000, discharge any relevant audit duties, annual insurance cover, Bank statement ratification, NOT planning , subject to consultation with 2 Cllrs</p> <p>NB please be aware that the 26 March 2020 Meeting and subsequent Minutes could be challenged as holding a Meeting via email is illegal.</p> <p>Post Audit Note: The Minutes of the 26 March 2020 Meeting were subsequently ratified by the remotely held Meeting on 20 April 2020 Min 194 and the Scheme of Delegation Min 202</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>The Code of Conduct was reviewed and approved by Council 13 May 2019 Min 10</p> <p>The May 2019 Election was uncontested with the 4 existing Cllrs re-elected. The Graveney Ward has 2 vacancies and the Faversham without Ward 1 vacancy.</p> <p>Cllr T Bowles co-opted 13 May 2019 Min 5 Cllr King co-opted 10 June 2019 Min 26 (first meeting 8 July) Cllr Boggia co-opted 8 July 2019 Min 45</p> <p>7 sets of DPI's available by a weblink to the Swale BC website.</p> <p>May 2023</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>Standing Orders and Financial Regulations were re-adopted at the Council Meeting held in 13 May 2019 Min 10.</p> <p>I would suggest that both documents are compared against the latest Model Standing Orders and Financial regulations produced by NALC, to make sure the current documents are up to date.</p> <p>Amendment to Fin Reg 6.15 concerning internet banking arrangements and appointment of Service Administrator Council 26 March 2020 Min 188. Ratified at Council 20 April 2020 Min 202.</p> <p>Post Audit Note: Standing Orders & Financial Regulations were reviewed by Council 8 June 2020 Min 32 a) & b)</p> <p>Yes</p> |

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| <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>The Risk Assessment schedules were reviewed by Council in 13 May 2019 Min 10 and can be found on the website under “policies”.</p> <p>Post Audit Note: Risk Assessments were reviewed by Council 8 June 2020 Min 32 d)</p> <p>The Council has a 3-year Long-term Agreement for insurance cover with AXA Inspire. There has been a recent Mid-term adjustment dated 21 May 2020 to expiry 7 Dec 2020, which is also the end of the LTA.</p> <p>£150,000</p> <p>Post Audit Note: Statement of Internal Control was reviewed by Council 8 June 2020 Min 32 e) to be reviewed again following this Audit.</p> <p>There are 7 policy documents on the Council’s website including the SO’s and Fin Regs. One the same webpage are links to the Privacy Statement, Terms of Reference of the Council and Finance Working Party and Publication Scheme Grant Awarding Policy approved Council 8 July 2019 Min 51 Post Audit Note: Grant & Donation Awarding Policy was reviewed by Council 8 June 2020 Min 32 c)</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>1st quarter 2019-20 Budget Monitoring Report reviewed – Council 8 July 2019 Min 54b 2nd quarter 2019-20 Budget Monitoring Report reviewed – Council 14 Oct 2019 Min 92b – noted that reserves were low to be discussed at the Budget Meeting.</p> <p>Council 9 Dec 2019 Min 131a discussed the Draft Budget for 2020-21 prepared by the Finance Working Party, suggested Budget stood at £11,790 to be discussed at the Jan 2020 Meeting. Council 13 Jan 2020 Min 153a agreed a 2020-21 Budget of £11,790 and a Precept of £11,230</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>Two grants of £60 each to the CAB and Kent Air Ambulance – Council 13 Jan 2020 Min151</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>Excel spreadsheet</p> <p>Yes Yes Yes Yes</p> |

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| <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>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>The Clerk is the only employee of the Council. Bex Ratchford resigned – Council 14 Oct 2019 Min 90, to cease employment 31 Dec 2019.</p> <p>The Clerks 2019-20 salary was reviewed 10 June 2019 Min 42</p> <p>New Clerk appointment confirmed (Council 13 Jan 2020 Min 159) Ms Sarah Blair commenced her employment as Clerk on 1 January 2020, subject to 13 weeks probationary period. A contract to work 25hrs pm was duly issued dated 18 April 2020 on successful completion of the probationary period. The rate of pay is less than £10 per hour!</p> <p>A fixed monthly allowance of £25pm covering telephone line/broadband and use of space, heating & lighting etc.</p> <p>Post Audit Note: Ms Sarah Blair had resigned and will leave the Council on 3 July 2020 Council 11 May 2020 Min 24</p> <p>LGPS offered in the contract, but not taken up. Clerk reported contact with the Pensions Regulator to change the contact details, next deadline for action 30 June 2020 Council 9 Mar 2020 Min 182</p> |

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| <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>The payments are nicely recorded in the Minutes showing the method of payment, the payee and description, amount paid with the VAT claimable if applicable.</p> <p>Standing Order in place for the Clerks salary and office allowance, Direct Debit for SSE street lighting electricity</p> <p>The staff costs are in line with the required definition.</p> <p>VAT claim submitted covered the period 1 May 2018 to 30 June 2019 = £522.45, received 22 Aug 2019</p> <p>VAT paid during 2019-20 to be reclaimed from 1 July 2019 = £2,117</p> <p>Streetlights – Mtce of streetlighting columns etc C Harding – newsletter editor (resigned from position, advert posted on Facebook) S&J Services – Village Sign landscaping SSE – street light electricity supply (contract renewed for a 3-year period to 2022- 3 May Min 13)</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>2019-20 Precept = £11,127, Lighting Grant £630</p> <p>Grant towards the cost of the Village Sign Landscaping from the G&G Trust = £9,500</p> <p>VAT claim = £522.45</p> <p>Bank interest £8.04</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>The Council has two accounts with HSBC the balances as at 31 March 2020 were:-</p> <p>Community Account (8186) - £6,819 Reserve Account (6981) - <u>£4,034</u> <u>TOTAL - £10.853</u></p> <p>The poor service from HSBC last year prompted moves to change bank.</p> <p>HSBC Bank to be notified of change of Clerk's details – Council 13 Jan 2020 Min 153d Cllr Mitchell reported issues with setting up a new SO, Clerk to consult KALC about how telephone/online banking can work (Please refer to my 2018-19 Audit Report and Unity Trust !) Council 9 Mar 2020 Min 176d with a tweak to the Fin Reg No. 6.15. Council 20 April 2020 Min 206d Cllr Mitchell to be an authorised user for internet banking purposes. NB In my view the new arrangement whereby Cllr Mitchell has sole access for internet banking and the planned telephone banking arrangement is contrary to the Councils Financial, Regulations, which consistently refers to two authorised signatories and in particular Fin Re 6.15 refers to the Clerk as the Service Administrator, not a Councillor. Post Audit Note: Council 6 June 2020 Min 39 d) Fin Reg 6.15 now reads 'the clerk or any signatory shall be appointed as the Service Administrator'. The Council has now decided to stick with cheques and not pursue internet banking.</p> <p>No loans</p> |

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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 Asset Register has been updated with the addition of the landscaping works around the Village Sign.</p> <p>The original cost value of the Asset Register is £48,274 as at 31 March 2020.</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>Accounting records were checked against the figures to be used in the AGAR Statement of Accounts for 2019-20, including the Bank Reconciliation. Gross income £21,787 and Gross Expenditure £21,409, which means the Council can complete a Certificate of Exemption for 2019-20.</p> <p>The Council approved and signed off the AGAR 2018-19 on 13 May 2019 Min 17c ii & iii</p> <p>Date of Announcement – 14 May 2019 Public Inspection period – 17 June to 26 July 2019 Evidence – The Notice of Public Rights and AGAR for 2018-19 were posted to the website on 20 May 2019</p> |

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| <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>The Council has a laptop for use by the Clerk, which is backed-up on Dropbox</p> <p>Appointed Internal Auditor – Council 8 July 2019 Min 54c</p> <p>Current website provider EiS (part of KCC) would be discontinuing their free website service in Sept 2020 but were offering an alternative solution, which would be chargeable. To discuss with the new Clerk when appointed. Council 9 Dec 2019 (Min 125). Council 13 Jan 2020 Min 148, decided not to take up the offer of Cantium (KCC) to provide a new website. Clerk to discuss with neighbouring Clerks the pros & cons of other providers at a meeting 1 Feb 2020 and the web Accessibility Regs 2018. Council March 9 2020 (Min 171) agreed to pursue a new website with Vision ICT, subject to further queries on contract length etc. Council 20 April 2020 Min 199 agreed to proceed with Vision ICT as the preferred website provider.</p> <p>The Council’s Privacy Notice was reviewed in 13 May 2019 Min 10. Two Cllrs attended the KALC Finance Conference – Council to consider dedicated email addresses when the website is considered Council 14 Oct 2019 Min 95c</p> <p>Post Audit Note: The Clerk’s email address is clerkggpc@gmail.com and following my suggestion the emails sent will in future include a disclaimer or link to the Councils Privacy Notice. The Clerk advised that there is an option with Vision ICT to establish a generic email address for all Councillors. I strongly recommend that this is followed up.</p> |
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