

<p>Risk Assessment</p> <p>HIGH 0</p> <p>MEDIUM 0</p> <p>LOW 16</p>	<p style="text-align: center;">Graveney & Goodnestone Parish Council</p> <p style="text-align: center;">INTERNAL AUDIT 2021-2022</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 year-end internal audit of the Council’s records for the twelve month period to 31 March 2022, following my remote audit and subsequent conversations on 21 June 2022.</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/RFO Ms Lisa Stiffell for her assistance given to me during my audit visit.</p>	
<p style="text-align: center;">Area</p>	<p style="text-align: center;">Item</p> <p>NB new/revised audit inspection for 2021-22 if applicable.</p>	<p style="text-align: center;">Comments / Findings</p> <p style="text-align: center;">Year-end Audit 31 March 2022</p>
<p>Previous Audits</p>	<ul style="list-style-type: none"> • Date of last External Audit Certificate or Exemption Certificate for 2020-21 • 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 14 June 2021, Gross income £15,164 and Gross Expenditure £9,569 Certificate posted to the website with the rest of the AGAR 2020-21 the Bank Reconciliation and the Explanation of Variances if applicable is required.</p> <p>4 May 2021 – received and excepted by Council – 14 June 2021 Min 46 c (i) noted dual signatures request for the HSBC internet banking to be pursued by Cllr Mitchell.</p>
<p>Minutes</p>	<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>The minutes are very detailed, although I do not think it is necessary to continue with items such as the Crime Report (unless there is anything significant to report) and the Coronavirus Update</p> <p>The Council recommenced face to face meetings at the Village Hall with the 14th June 2020 Council meeting.</p> <p>The Council Meeting held on 13 Dec 2021 ended up being a meeting for information only as the Chairman resigned with immediate effect by a letter addressed to the Council and read out by the Clerk. No other Cllr present wished to be the Chair of the Meeting. A Chairman was appointed at the January 2022 Meeting.</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>At the beginning of the year the Council had a full set of 7 Cllrs in place. Cllr Mitchell (Chairman) announced his resignation as he was leaving the area in December 2021. – Council 13 Sept 2021 Min 98 NB Cllr Boggia elected Chair 10 Jan 2022 Min 158</p> <p>6 sets of DPI's available by a weblink to the Swale BC website. NB Mr Mike Newman co-opted in June 2022</p> <p>May 2023</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 still in place ? • Updated re New NALC Models SO's 2018, Fin Regs 2019 ? • Two signature rule still in place? 	<p>Standing Orders & Financial Regulations were reviewed by Council 4 May 2021 Min 7 b) & c) approved both docs with a minor amendment to the SO's.</p> <p>Both documents are published on the Council's website</p> <p>Not applicable</p> <p>Yes</p> <p>Yes</p>

Risk Management

- **Risk Assessments** – Are they:
 - Carried out regularly?
 - Adequate?
 - Reported in the minutes?
 - **Inspections of play equipment etc if carried out by staff/Cllrs have they been trained, accredited?**
 - **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 schedules were reviewed by Council 4 May 2021 Min 7 i) reviewed the risk assessments with an amendment required to reflect “on-line” banking Council 14 June 2021 Min 41a. Risk Assessment is on the website under the Policies & Procedures webpage.

Not applicable

The Council had a 3-year Long-term Agreement for insurance cover with AXA Inspire, which was due to expiry 7 Dec 2020. Council 9 Nov 2020 agreed a new 3-year LTA with Pen Underwriters (an AXA Policy) expiring 7 Dec 2023.

£150,000

Cllr Stewart reported back on his attendance at the KALC Finance Conference – comprehensive minute covering the event.

Statement of Internal Control for 2020-21 was reviewed by Council – 14 June 2021 Min 46 d (i)

The policy documents are on the Council's website including the SO's and Fin Regs. On the same webpage are links to the Privacy Statement, Terms of Reference of the Council and Finance Working Party and Publication Scheme

Council 4 May 2021 Min 7 reviewed the policies approving changes to Grant and Donation Awarding Policy, Grievance Policy, Data Protection/Privacy Notice, Disciplinary Policy, Publication Scheme and approved a new Document Retention Policy.

Council 14 June 2021 Min 41b Media Policy amended to include FaceBook

Council 12 July 2021 Min 65 Media and Social Policy approved

<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? • Ongoing Covid-19 implications ? 	<p>Budget update provided to 8 Nov 2021 Meeting Min 128a</p> <p>2022-23 Budget & Precept</p> <p>Finance Working Group of Cllrs Stewart & Wilkinson had met with the Clerk to discuss the Budget for 2022-23, which was presented to Council on 10 Jan 2022. Min 169B approved - Budget of £11,822 agreed, which led to a discussion on the 2022-23 Precept - £11,200 agreed.</p> <p>Following the change in Chairmanship, Council reselected the membership of the Finance Working Group - Min 169C Finance Working Group volunteers to be Cllrs Wilkinson, Stewart and Lound</p>
<p>Section 137 expenditure</p> <p>£8.41 FOR 2021-22 (£8.32 FOR 2020-21)</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>There was one S137 grant made during 2021-22 - £50 to the Citizens Advice Swale</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>Excel spreadsheet</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Not applicable</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>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? • 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/NIC requirements been properly applied and accounted for? • Payroll outsourced? • WORKPLACE PENSION IN PLACE 	<p>Ms Debbie Hackett was appointed Clerk/RFO Council 26 June 2021 Min 51 and started work on 4 July 2021. Contractual details and pay scale confirmed closed session notes 13 July 2020. The Clerk is contracted to work 25hrs per month and is paid just over £10 per hour. For the skill set required to carry out the function of Clerk to the Council a pay rate of £12-15 per hour at least should be considered and for a Council that meets regularly on a monthly basis 25 hrs pm is very low. Most of the Clerks working for similar sized parish councils are contracted to work 10 hrs pw (40 hrs plus per month)</p> <p>The Clerk had tendered her resignation – Council discussed contract hours Council 14 June 2022 Min 54 and agreed to increase the contract hours to 32 hrs per month initially and advertise the vacancy on this basis.</p> <p>Lisa Stifell appointed new Clerk from 1st Sept 2021 and attended her first meeting 13 Sept 2021 on an hourly rate of just over £10 per hour. Backdated salary increase and National Pay Award for 2021-22 to be paid to Clerk – approved Council 11 April 2022 Min 13biii</p> <p>A fixed monthly allowance of £25pm covering telephone line/broadband and use of space, heating & lighting etc.</p> <p>LGPS offered in the Clerk's contract, but not taken up yet.</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 2021-22, check parity for 2020-21 ? 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>There were minimal payments made during 2021-22 with less than £7,500 spent. The payments approved are listed showing the amounts to be paid within the Minutes.</p> <p>SSE were paid via a monthly direct debit and the Clerks salary and office allowance were paid via a monthly standing order arrangement. All other payments were made by cheque.</p> <p>The payroll costs comply with the staff cost definition.</p> <p>VAT claims: 1 Oct 2020 to 31 March 2021 – to claim £115 1 April 2021 to 31 March 2022 – to claim £266 The minimum sum that can be claimed is £100, the Council easily exceeds this sum each year and therefore recommend the Clerk submits an annual claim as part of her year-end closure of the accounts each April/May. Therefore a claim of the above sums totalling £381 should be made as soon as practicable.</p> <p>Streetlights – Mtce of streetlighting columns etc (the contract has recently been automatically renewed with no increase in charges applicable) SSE – street light electricity supply (contract renewed for a 3-year period to 2022- 3 May Min 13) Village Hall hire agreement – signed at Council Meeting 13 Sept 2021 Min 92</p>
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Receipts	<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? • Ongoing Covid-19 implications? 	<p>2021-22 Precept = £11,530, Lighting Grant £630</p> <p>G&G Trust Grant - £2,249 received 17 Feb 2022</p> <p>Bank interest £1.72</p>						
Bank reconciliation & PWLB Loans	<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>The Council has two accounts with HSBC the balances as at 31 March 2022 were:-</p> <table border="0"> <tr> <td>Community Account (8186) -</td> <td>£9,482</td> </tr> <tr> <td>Reserve Account (6981) -</td> <td>£14,037</td> </tr> <tr> <td>TOTAL -</td> <td>£23,519</td> </tr> </table> <p>The bank statements were regularly reported to Council and subject to retrospective physical inspection by Cllrs during 2021-22.</p> <p>HSBC internet banking system does not allow dual signatories to release a payment, which would contravene the Councils Financial Regulations.</p> <p>Council 12 July 2021 Min 69a - Cllr Mitchell has taken the lead on looking into an online banking and reported that he had internet access to the HSBC accounts as does Cllrs Wilkinson, Stewart, Bowles and the Clerk. But until the HSBC system allows for 2 signatory authorisation the Council is not intending to change the current arrangements of using cheques for payments.</p> <p>HSBC introduction of bank charges – Council 11 Oct 2021 Min 110c</p> <p>The Council should consider using Unity Trust Bank widely used by my Clients and other PC's across Kent, which offers dual signatory authorisation, ie the Clerk would have "view & administration" rights and Councillors "view and authorisation" rights. Unity Trust has a switch service to transfer bank accounts. www.unity.co.uk</p> <p>No loans</p>	Community Account (8186) -	£9,482	Reserve Account (6981) -	£14,037	TOTAL -	£23,519
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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 long-term 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 is maintained on an Excel spreadsheet as part of the Cashbook Excel document, which also records the “replacement values” and date of purchase/disposal.</p> <p>No changes during the year.</p>
<p>Year-end procedures Inc. AGAR</p>	<ul style="list-style-type: none"> • Does the 2021-22 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 2020-21 AGAR & Certificate of Exemption criteria met, exemption declared • PROOF of public rights provision during summer 2021 & website– AIAR ICOs • Public Inspection Period Minuted ? • New governance compliance regime - refer to new Practitioners’ Guide 2021 	<p>Accounting records were checked against the figures to be used in the AGAR Statement of Accounts for 2021-22, including the Bank Reconciliation. Gross income £14,410 and Gross Expenditure £7,339, which means the Council can complete a Certificate of Exemption for 2021-22.</p> <p>The Council approved and signed off the AGAR 2020-21 on 14 June 2020 Min 46d ii & iii. The RFO signed off the Statement of Accounts on 29 May 2021.</p> <p>Date of Announcement - 18 June 2021 Public Inspection period – 21 June to 30 July 2022 Evidence – 17 June 2021 Council formally minuted the Public Inspection Period as part of the AGAR approvals 14 June 2020 Min 46d v Extract from Publication Requirements shown on Page 1 of the AGAR Form 3</p> <p>It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3. Extract from Detailed Instructions issued by PKF Littlejohn Publishing means inclusion on the authority’s website*. Publication on a notice board is not mandated but is good practice;</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 (23 Sept 2020 deadline) NALC L09-18 • TRANSPARENCY CODE compliant especially for Exempt Authorities • Post GDPR (25 May 2018) <ul style="list-style-type: none"> ○ Privacy Notice ○ Cllr email addresses? ○ Email disclaimer ○ Other matters inc DPO arrangements 	<p>The Council has a laptop for use by the Clerk, which is backed-up on Dropbox, the same system as before.</p> <p>Not applicable</p> <p>Vision ICT website provider went live on 1 October 2020 the Clerk is regarded as the webmaster</p> <p>FaceBook page set up by Cllr Boggia with Cllrs Boggia and Wilkinson agreed to be admin/moderators – Council 14 June 2021 Min 38</p> <p>Dedicated email addresses for Cllrs was discussed at the Council meeting 8 March 2021 Min 190, the Clerk was asked to investigate costs of dedicated emails in other parishes. Council 4 May 2021 Min 13 agreed to set up two dedicated email addresses for the Chair and Vice Chair (provided by Vision ICT), the Clerk already had a dedicated email address as part of the website requirements.</p> <p>Ideally all parish councillors should have dedicated email addresses something which has been emphasised in the latest publication of the Practitioners’ Guide issued by the Joint Panel on Accountability and Governance Page 61 Para 5.169 The importance of secure email systems and GOV.UK</p> <p>Many of my smaller Clients use Waveney IT Support Services based in Headcorn, to set up dedicated email addresses for Councillors. www.waveneyit.co.uk</p>
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