

<p>Risk Assessment</p> <p>HIGH 1</p> <p>MEDIUM 3</p> <p>LOW 12</p>	<p style="text-align: center;">Graveney & Goodnestone Parish Council</p> <p style="text-align: center;">INTERNAL AUDIT 2022-2023</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 2023, following my audit visit and subsequent conversations on 13 August 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 Clerk/RFO Ms Lisa Stiffell for her assistance given to me during my audit visit.</p> <p>During my visit I advised the Clerk that this would be my last Internal Audit visit as I am proposing to wind-down my auditing work after the completion of the 2022-23 Year-end Audit season. It has been a pleasure working with the Council over the last 6 years, my first audit visit was in April 2017.</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;">Year-end Audit 31 March 2023</p>
<p>Previous Audits</p>	<ul style="list-style-type: none"> • Date of last External Audit Certificate or Exemption Certificate for 2021-22 • 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 11 July 2022 Min 54, Gross Income £14,411 and Gross Expenditure £7,339. Prior to my visit I viewed the Council’s website and discovered that the Audit and Annual Return information for 2021-22 had not been posted to the website as required by the Accounts & Audit Regulations etc.</p> <p>Accordingly, the Annual Internal Audit Report for 2022-23 (Page 4 of the AGAR 2022-23) shows three “NO” responses against Objectives L, M & N. This will therefore mean that when Councillors consider the Annual Governance Statement for 2022-23 (Section 1) Councillors cannot tick the “Yes” box against the Assertion 4 – “We provided proper opportunity during the year for the exercise of electors’ rights in accordance with the requirements of the Accounts & Audit Regulations”.</p> <p>Internal Audit Report for 2021-22 received by Council at the same Meeting as the AGAR 2021-22 was approved by Council 11 July 2022 Mins 54. TOO LATE to meet publication deadlines.</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>Following the inspection of the Minutes for the financial year 2022-23 I noted that the Clerk does not minute her attendance at the Meetings. This should be rectified going forward.</p> <p>The signed Minutes should have the approval "initials" on each page of the set of Minutes with the full signature on the final page, which is done.</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>6 sets of DPI's available by a weblink to the Swale BC website but some sets of information relate to details published in 2020. There is no DPI for Cllr Mike Newman who was co-opted in June 2022 and subsequently elected Chairman of the Council in May 2023, following the May 2023 Elections.</p> <p>There was an uncontested Election on 4 May 2023 with the existing 7 Councillors standing for re-election. Unlike for the May 2019 Elections there are no details anywhere on the Council's website to suggest that the Election had been uncontested and that the existing 7 Councillors had put their names forward and had been automatically re-elected. The May 2019 information I refer to is within the News Section of the website.</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 New NALC Models SO's 2018, Fin Regs 2019 ? • Two signature rule still in place? 	<p>Standing Orders & Financial Regulations were reviewed by Council 13 June 2022 Min 27 a) & c). The annual review of these two documents were approved by Council 15 May 2023 Min 28.</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 13 June 2022 Min 27 d)

Risk Assessment is on the website under the Policies & Procedures webpage. (updated in June 2023)

Not applicable

See above

The Council's insurance cover during 2022-23 was with the AJG Community Scheme via Hiscox from 14 April 2022 to 13 April 2023. Insurance renewed for another year to 13 April 2024.
Alternative Brokers to consider - James Hallam (SLCC links) www.jameshallam.co.uk and BHIB (NALC links) www.bhibcouncils.co.uk

£150,000

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 13 June 2022 Min 27 reviewed its existing policies noting any approved changes in the Minute. Policies included Grant and Donation Awarding Policy, Grievance Policy, Data Protection/Privacy Notice, Disciplinary Policy, Publication Scheme, Document Retention Policy and Media and Social Policy.

Reviewed again on 15 May 2023 Min 28

<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>The Clerk provides a financial update report to most meetings along with a bank reconciliation statement.</p> <p>2023-24 Budget & Precept</p> <p>8 Jan 2023 the Finance Working Group of Cllrs Stewart & Wilkinson had met with the Clerk to discuss the Budget for 2023-24, which was presented to Council on 9 Jan 2023. The Working Group recommendations for the 2023-24 Budget of £13,640 and resultant Precept of £13,300 based on an assumed Tax base for 2023-24 of 71.478. Council 9 Jan 2023 Min 134 a) approved - Budget of £13,640 agreed, the 2023-24 Precept - £13,300 agreed.</p>
<p>Section 137 expenditure</p> <p>£8.82 FOR 2022-23 (£8.41 FOR 2021-22)</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 two S137 grants made during 2022-23 – totalling £1,633 towards a defibrillator and replacement pads.</p> <p>For Info. The S137 limit for 2023-24 has recently been announced as £9.93 a 12.5% increase (the RPI increase Sept 2021 to 2022)</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? ● 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 is used to provide a record of the Council's accounts. The spreadsheet is effectively a copy of the bank statement entries, with the payments recorded as per the date of "clearance" of the cheques through the bank account. This is not the best method of accounting, which should really be on a "cashbook" basis and therefore payments should be recorded as per the Council Meeting approvals, hence each month there will be a bulk entry of approved payments in accordance with the Minutes. Consequently, the year-end bank reconciliation did not properly record the unrepresented cheques. The Clerk to investigate the reconfiguring of the spreadsheet for the 2023-24 financial year.</p> <p>Not applicable, the Council accounts on a "receipts and payments 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>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>The Clerk Lisa Stifell is the only employee. Contract is based on 32 hours per month, a log of hours is kept by the Clerk.</p> <p>The rate of pay is determined by the National Pay Award, although I do question whether the nationally set rates of pay reflect the salary market in the South East, which is why most of my Clients pay a higher hourly rate to reflect the "local market" and skill set required to be an effective Clerk.</p> <p>The fixed monthly allowance covering homeworking including cost of telephone and broadband has not been increased for several years.</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 2022-23, check parity for 2021-22 ? 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>The payments made during 2022-23 amounted to £12,309 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 1 April 2022 to 31 March 2023 – to claim £640 VAT claim made covering period 1 April 2021 to 30 June 2023 = £1,180 Claimed on 20 July 2023.</p> <p>Streetlights – Mtce of streetlighting columns etc SSE – street light electricity supply Village Hall hire agreement – signed at Council Meeting 13 Sept 2021 Min 92 Vision ICT Ltd – website support (includes hosting and domain licence)</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>2022-23 Precept = £11,200, Lighting Grant £630</p> <p>G&G Trust Grant - £2,217 received 23 Jan 2023</p> <p>Bank interest £65.53 (prev year = £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 2023 were:-</p> <p>Community Account (8186) - £11,200 Reserve Account (6981) - £14,103 <u>TOTAL - £25,323</u></p> <p>The bank statements were regularly reported to Council and subject to retrospective physical inspection by Cllrs during 2022-23.</p> <p>HSBC internet banking system does not allow dual signatories to release a payment, which would contravene the Councils Financial Regulations. Council 12 July 2021 Min 69a - Cllr Mitchell took 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>As recommended in my previous Report 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 It also has a Deposit Account, with easy transfer of funds from the current account to the deposit account "and back" to maximise the interest earning potential for the Council (authorised by Councillors).</p> <p>No loans</p>

<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>No change during the year.</p>
<p>Year-end procedures Inc. AGAR</p>	<ul style="list-style-type: none"> • Does the 2022-23 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 2021-22 AGAR & Certificate of Exemption criteria met, exemption declared • PROOF of public rights provision during summer 2022 & 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 2022-23, including the Bank Reconciliation. Gross income £14,113 and Gross Expenditure £12,309, which means the Council can complete a Certificate of Exemption for 2022-23.</p> <p>The AGAR 2021-22 was approved by Council 11 July 2022 Mins 54 and signed off by the Deputy Chairman Cllr Wilkinson, the RFO had signed off the Statement of Accounts on 22 June 2022</p> <p>Date of Announcement - 13 July 2022 Public Inspection period – 15 July to 26 Aug 2022 Evidence – Council formally minuted the Public Inspection Period as part of the AGAR approvals 11 July 2022 Min 54 but no dates included. Due to the delay in approval the Council has NOT complied with the Publication Requirements for the exercise of public rights.</p> <p>The Council will not be approving the 2022-23 AGAR until 11 Sept 2023 with a probable Period of Public Inspection of 18 Sept 2023 to 27 Oct 2023. The Council will therefore not comply with the Publication requirements in 2023.</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 ○ CIIR 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. Councillors are aware that the website is not up to date and lacks some functionality. The Clerk advised me that the new Chairman is keen to improve the website and there are additional training budgets n 2023-24. Personally, I find the Vision ICT website platform cumbersome from a user viewpoint and probably so from an administrative perspective. The Hugo Fox website platform is an easier website to navigate www.hugofox.com and offers various packages including a website migration facility. It is a very popular website platform amongst my Clients many much larger than GGPC. An example is Horton Kirby & South Darenth PC http://www.hksdparishcouncil.co.uk/</p> <p>I noted the continuing dialogue regarding dedicated email addresses for Councillors, my comments from previous years are still valid. 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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