

<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 2020-2021</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 2021, following my remote audit and subsequent conversations on 4 May 2021.</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 Debbie Hackett for her assistance given to me during my audit.</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 2021</p>
<p>Previous Audits</p>	<ul style="list-style-type: none"> • Date of last External Audit Certificate or Exemption Certificate for 2019-20 • 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 26 June 2020, Gross income £21,787 and Gross Expenditure £21,410 Certificate posted to the website with the rest of the AGAR 2019-20 including the Bank Reconciliation and the Explanation of Variances.</p> <p>2 June 2020 – received and excepted by Council – 26 June 2020 Min 50 a (i) Two matters raised the email meeting held on 26 March 2020 at the start of the Covid-19 lockdown and the provision of generic email addresses for all Cllrs to use exclusively for parish council business.</p>
<p>Minutes</p>	<ul style="list-style-type: none"> • Scan of the minutes of the Council’s meetings and the Finance Committee. • Virtual Meetings ? • General Power of Competence (GPC) ? • Dispensations • S.40 LA&A Act 2014 filming/recording 	<p>The minutes are very detailed</p> <p>Virtual Meetings commenced on 20 April 2020 when a Scheme of Delegation was ratified Min 202</p> <p>Post 6 May 2021 (the last date for virtual meetings), the Council considered face to face to venues for June 2021, which were restricted to the Village Hall (still closed) or possibly the Church – Council 12 April 2021 Min 213. Post Audit Note: Council 4 May 2021 Min 11 confirmed that the Village Hall will be available for the June Council 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.</p> <p>No change in Councillors during the last year 2020-21</p> <p>7 sets of DPI's available by a weblink to the Swale BC website.</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 re Covid -19 ? • Updated re New NALC Models SO's 2018, Fin Regs 2019 ? • Two signature rule still in place? 	<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>Standing Orders & Financial Regulations were reviewed by Council 8 June 2020 Min 32 a) & b) Post Audit Note: Council 4 May 2021 Min 7 b) & c) approved both docs with a minor amendment to the SO's.</p> <p>Yes</p>

Risk Management

- **Risk Assessments** – Are they:
 - Carried out regularly?
 - Adequate?
 - Reported in the minutes?
 - **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 8 June 2020 Min 32 d) and can be found on the website under “policies”. **Post Audit Note:** Council 4 May 2021 Min 7 i) reviewed the risk assessments with an amendment required to reflect “on-line” banking. Council 11 Jan 2021 Min 161 – the Clerk to undertake a Display Screen Equipment (DSE) assessment once she had established the workstation set-up in her new house. DSE assessment reported back to Council 8 March 2021, action taken to replace the Clerk’s office chair Min 188.

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

Statement of Internal Control was reviewed by Council 8 June 2020 Min 32 e)

The policy documents are on the Council’s website including the SO’s and Fin Regs. The newest policy is the Grant & Donation Awarding Policy was reviewed by Council 8 June 2020 Min 32 c) On the same webpage are links to the Privacy Statement, Terms of Reference of the Council and Finance Working Party and Publication Scheme

Post Audit Note: 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.

<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? • Covid-19 implications ? 	<p>3.5% precept increase on CTax bills Min 178 Council 8 March 2021.</p> <p>Minutes of the Finance Working Group held on 5 Dec 2020 were considered by Council on 11 Jan 2021, which led to a discussion on the 2021-22 Precept. The notified Tax Base had reduced, the approved Precept of £11,530 would mean the Band D tax would increase by 3.6% to £61.42pa Min 167 b). The Proposed Budget for 2021-22 was quoted as £12,308 within the Finance Working Group.</p> <p>At the same Meeting Council considered the Budget Monitoring Report to 31 Dec 2020 Min 167 c)</p>
<p>Section 137 expenditure</p> <p>£8.32 FOR 2020-21 (£8.12 FOR 2019-20)</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 2020-21 - £50 to the British Red Cross (well minuted)</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</p> <p>Yes</p> <p>Yes</p> <p>Yes</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 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 PAYE/NIC requirements been properly applied and accounted for? • Payroll outsourced? • WORKPLACE PENSION IN PLACE 	<p>The previous Clerk 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. I highlighted the fact that the rate of pay was less than £10 per hour for a job that demands many different skill sets!</p> <p>A fixed monthly allowance of £25pm covering telephone line/broadband and use of space, heating & lighting etc.</p> <p>Ms Sarah Blair subsequently resigned and left the Council on 3 July 2020 (Council 11 May 2020 Min 24)</p> <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 just 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>LGPS offered in the contract, but not taken up.</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 2020-21, check parity for 2019-20 ? 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 2020-21 with less than £10,000 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 July 2019 to 31 March 2020 - £2,117 received 11 May 2020 1 April 2020 to 30 Sept 2020 - £430 received 3 Nov 2020 1 Oct 2020 to 31 March 2021 – to claim £115</p> <p>Streetlights – Mtce of streetlighting columns etc 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? • Covid-19 implications? 	<p>2020-21 Precept = £11,230, Lighting Grant £630</p> <p>Grant from KALC towards the cost of replacing the EiS website - £755</p> <p>VAT claim = £2,547 (last year £522)</p> <p>Bank interest £1.95 (last year £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 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 2021 were:-</p> <table border="0"> <tr> <td>Community Account (8186) -</td> <td>£2,412</td> </tr> <tr> <td>Reserve Account (6981) -</td> <td><u>£14,036</u></td> </tr> <tr> <td>TOTAL -</td> <td><u>£16,448</u></td> </tr> </table> <p>The bank statements were regularly reported to Council and subject to retrospective physical inspection by Cllrs during 2020-21.</p> <p>The poor service from HSBC last year prompted moves to change bank. Prior to the Covid-19 pandemic the Council was considering changing banks and then considered internet banking with the current Bank HSBC. But as I pointed out in my Audit Report the HSBC internet banking system does not allow dual signatories to release a payment, which would contravene the Councils Financial Regulations. The Council had second thoughts and “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 decided to stick with cheques and not pursue internet banking.”</p> <p>Cllr Mitchell has taken the lead on looking into an online banking facility and in April 2020 was authorised by Council to have internet access to the HSBC accounts. The Clerk has since advised that she has access as does the members of the Finance Working Party, Cllrs Mitchell, Wilkinson and Stewart. The Council is not intending to change the current arrangements of using cheques for payments.</p> <p>No loans</p>	Community Account (8186) -	£2,412	Reserve Account (6981) -	<u>£14,036</u>	TOTAL -	<u>£16,448</u>
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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>Post Audit Note: Council 4 May 2021 Min 7 p) reviewed the Asset Register</p> <p>The original cost value of the Asset Register is £48,358 as at 31 March 2021 an increase of £84 for an office chair.</p> <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>Year-end procedures Inc. AGAR</p>	<ul style="list-style-type: none"> • Does the 2020-21 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 2019-20 AGAR & Certificate of Exemption if applied • PROOF of public rights provision during summer 2020 & website– AIAR ICO L • New governance compliance regime - refer to new Practitioners’ Guide 2020 	<p>Accounting records were checked against the figures to be used in the AGAR Statement of Accounts for 2020-21, including the Bank Reconciliation. Gross income £15,164 and Gross Expenditure £9,569, which means the Council can complete a Certificate of Exemption for 2020-21.</p> <p>The Council approved and signed off the AGAR 2019-20 on 26 June 2020 Min 50a ii & iii. The RFO signed off the Statement of Accounts on 26 June 2020.</p> <p>Date of Announcement – 27 June 2020 Public Inspection period – 29 June to 7 August 2020 Evidence – The evidence of the date of upload is within the old EiS website, which was deleted in November 2020 following the launch of the new Vision ICT website. The posting of the information required was done by the previous Clerk Ms Sarah Blair. It has been assumed that the posting was done prior to 29 June 2020, probably done on the 27 June the date of announcement, just before Ms Blair ceased her employment.</p> <p>Council 8 March 2021 Min 178 – The Clerk had received confirmation that Vision ICT that they could not add a date facility to uploaded financial documents to the website (in fact any document) but were working on this. Other Clients of mine have been requesting this facility in previous years!</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? • 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 • Website host and Webmaster and any changes? • Website functionality & accessibility (23 Sept 2020 deadline) 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 inc DPO arrangements 	<p>The Council has a laptop for use by the Clerk, which is backed-up on Dropbox</p> <p>Council 20 April 2020 Min 199 agreed to proceed with Vision ICT as the preferred website provider to replace the EiS website, which was no longer going to be supported by KCC. The new website went live on 1 October 2020 and the old EiS/Cantium website was deleted in November 2020.</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 12 April 2021 Min 216 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>
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