

<p>Risk Assessment</p> <p>HIGH 0</p> <p>MEDIUM 4</p> <p>LOW 12</p>	<p style="text-align: center;">Egerton 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 Egerton 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 audit visits and subsequent conversations on 17 March 2020 and 28 May 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, Mrs Heather James 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 style="text-align: center;">Comments / Findings</p> <p style="text-align: center;">Annual Audit 17 March and 28 May 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>PKF Littlejohn signed off the Section 3 of the AGAR 2018-19 on 11 Sept 2019. The Clerk advised Cllrs by email but it should have been properly noted and minuted by Council.</p> <p>There no comments other than reference to an error re Box 7 for the year 2018-19.</p> <p>Published on the website under the “finance” tab.</p> <p>8 August 2019 – The Clerk advised Cllrs by email but it should have been properly noted and minuted by Council.</p> <p>Areas of concern was the lack of information on the new website provided by Hugo Fox, but this has improved with the additional support from Cllr Elworthy to post and maintain the integrity of the content. The multiple bank accounts with Lloyds is still in place and GDPR issues were being addressed with the help of Cllrs Elworthy and Lawton. The Annual Review of Risk Management needs to be done!</p>

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>Scan of Minutes on website The April, May and June 2020 Council Meetings including the Parish Assembly and AGM were cancelled due to the Covid-19 situation. The Council exercised the Coronavirus Regulations 2020 to postpone the AGM to May 2021 with the current postholders continuing their roles.</p> <p>N/A</p> <p>The 7 July 2020 Council Meeting was held "virtually" using "Zoom" and will continue until normal Meetings can be resumed safely.</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 Council had 14 nominations for the 9 seats available in the May 2019 Elections.</p> <p>There have been no changes in Councillors during the first year 2019-20.</p> <p>There is a DPI link to the Ashford BC website which contains the 9 sets of DPI</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>Both the Standing Orders and Financial Regulations were adopted on 3 April 2018.</p> <p>It is "best practice" to review these two key governance documents at least bi-annually unless there is something that prompts a change/update such as a change in banking arrangements.</p> <p>I therefore strongly recommend that the two documents are compared to the latest editions of the NALC Models. Post Audit Note: The Clerk has advised that both Docs are scheduled to be reviewed at the Sept 2020 Meeting.</p>

<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>Risk management is something that has to be Reviewed Annually by the full Council. The Risk Assessment schedule on the website is dated 3 April 2018. I commented on this in my Report last year. Review of Risk Assessments and Asset Register were briefly mentioned at the Sept 2019 Meeting (Min 10 – 3 Sept 2019) with discussion over insurance cover and animal faeces around the unfenced children’s play area. Oct 2019 Meeting reported the need to update the Data Protection Policy and Freedom of Information Policy as part of Risk Assessment responses (Min 4 o] – 1 Oct 2019).</p> <p>Post Audit Note: Council Meeting held on 4 August 2020 considered and approved the following items- “Approve revised Statutory documents Risk Assessment, Statement of Internal Control (SIC), Governance and accountability.”</p> <p>The Council has insurance cover with AXA (Inspire) on a 3-year LTA due to expire 31 July 2021. £150,000 Fidelity cover</p> <p>The Council has a “Statutory Document” page on the website containing the Standing Orders, Financial regulations, Code of Conduct, Statement of Internal Control and the Practitioners’ Guide to Governance and Accountability.</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>There is a comprehensive budget monitoring arrangement in place reported to each Council Meeting and reproduced in the Minutes including the Accounts for payment and any income received.</p> <p>The Budget and Precept for 2020-21 was discussed by Council on 7 Jan 2020 Min 11 c, d and e.</p> <p>Budget approved = £37,185 (£37,055 for 2019-20)</p> <p>Precept approved = £18,997 (£18,418 for 2019-20)</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>S137 used for donations</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? • 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 contracted to work 17 hrs pw., working Tuesdays and Thursdays plus evening Meetings.</p> <p>Payroll managed by the clerk using the HMRC on-line system</p> <p>Clerk has opted out of any Work Place Pension – Pension Regulator advised.</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 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>Payments are reported to each Council Meeting and reproduced in the Minutes including any income received.</p> <p>Most payments are made by BACS.</p> <p>Staff costs compliant with the definition.</p> <p>VAT Claimed – Year 2018 - 2019 - £1,811 received 1 April 2019 to 31 March 2020 - £1,967 to claim in 2020-21</p> <p>Sample of contracts in place during 2019-20</p> <p>Tim Kent – Misc works Jimmy Boyle – Street cleaning Wicksteed – Play area inspection Heber Horticultural – Strimming and mowing of playing field including cricket pitch outfield (NB Council advised that owner of Heber Horticultural was retiring – Clerk asked to seek 3 quotes [Min 8 – 4 Feb 2020] - Aspire took over the contract for 2020-21) Captivewebs NHP - website</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>Any income is reported to each Council Meeting and reproduced in the Minutes including the Accounts for payment.</p> <p>Neighbourhood Plan Grants in 2019-20 = £250 from ABC and £4,313 from Groundwork UK</p> <p>Noticeboard grants from Borough and KCC Cllrs = £1,000</p> <p>Grants and donations to VE Day celebrations received = £2,068 NB following the cancellations of VE day and more recently VJ day The Council is hoping the donations and grants can be used for Celebrations in 2021.</p> <p>Other income streams including an invoicing system includes the Game Barn hiring's and the advertising in the Egerton Update.</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 8 bank accounts with Lloyds bank, Current and Deposit a/cs for the Parish Council, the Games Barn and the Computer Centre (includes Film Club) and one current account each for the Village Hall Improvement Fund and for the Egerton Update magazine.</p> <p>The total cash balances held as at 31 March 2020 were £64,214.</p> <p>The Clerk explained the current authorisation of the BACS payments system using “authentication cards and a “card reader” held by the Clerk in the Office. The Clerk can use her “card and card reader to view only” the bank accounts. Cllrs Oliver and Foinette also have an authentication card and visit the Office to “authorise payments using their card and card reader”.</p> <p>HENCE only one signature either Cllr Oliver or Foinette can approve the BACS payments, NOT the two signatures as per the Financial Regulations.</p> <p>NB The Council needs to review the detailed Financial Regulations particularly relating to the “instructions for the making of payments” and be happy with the current BACS payment arrangement described above and whether just 2 Cllrs with authentication rights is sufficient.</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 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>Review of Risk Assessments and Asset Register were mentioned at the Sept 2019 Meeting (Min 10 – 3 Sept 2019) Clerk to check with Bill Smyth on what equipt is held from the former Youth Club and to check on the status of the New Road bus shelter ie was it “a gift” and hence no value in the Asset Register.</p> <p>The Clerk had sent out an updated Asset Register prior to the October 2019 Meeting. Council agreed to adopt the Register (Min 4 o] – 1 Oct 2019)</p> <p>Stated value of Assets as at 31 March 2020 = £261,799</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.</p> <p>Council approved AGAR 2018-19 on 14 May 2019 – Min 10a &</p> <p>Date of Announcement – 4 June 2019 Public Inspection period – 17 June to 26 July 2019 Evidence – Website shows the file upload of the Notice of Public rights to be done on 4 June 2019 and the unaudited sections of the AGAR on 21 May 2019. Well done</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 • 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 back-up arrangements have not changed since my last visit. All the Councils files are held on the Council owned laptop used by the Clerk.</p> <p>Hugo Fox website in full use. The Clerk is assisted by Cllrs Elworthy and Lawton in managing the website content and addressing the Accessibility Regulations that come into force in Sept 2020.</p> <p>There is nothing obvious to say that the website is compliant with the Accessibility Regs 2018. The Clerk is aware of the website Accessibility Regulations. I discussed the "accessibility issues" with the Clerk and suggested several other parish websites with accessibility apps to view and possibly "bolt-on" www.brenchleyandmatfield.co.uk and www.wrothampc.org</p> <p>All Cllrs now have a generic email address eg richard.king@egertonparioshcouncil.co.uk General Privacy Notice on website dated Sept 2019 Information Security Policy on website NOT dated</p>
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