

<p>Risk Assessment</p> <p>HIGH 0</p> <p>MEDIUM 3</p> <p>LOW 13</p>	<p style="text-align: center;">Egerton 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 Egerton 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 audit visits and subsequent conversations on 18 March and 22 April 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 Sonia Young and ex-Clerk Mrs Heather James for their 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;">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>PKF Littlejohn signed off the External Auditor Certificate on 6 Nov 2020</p> <p>There was one “other matter” relating to a not covered response in the Internal Audit report.</p> <p>Although the PKF invoice was approved for payment at the 1 December 2020 meeting, there is no reference to the Cllrs receiving a copy of the Section 3 External Auditor’s Report and acknowledging the “other matter”. I raised the same point last year!</p> <p>The AGAR information including the Section 3 response and conclusion of audit have been posted to the website.</p> <p>The Clerk was sent the Internal Audit Report on 14 August 2020. It was noted by Council 8 Sept 2020 Min 14 c)</p> <p>NB the Annual Governance Statement – Assertion 7 “We took appropriate action on all matters raised in reports from Internal and External Audit”.</p> <p>The minimum expectation is that there is a Council Minute acknowledging receipt of the Audit Reports and noting any comments made and considering a response to any matters raised.</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>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.</p> <p>The 7 July 2020 Council Meeting was held "virtually" using "Zoom" and will continue until normal Meetings can be resumed safely.</p> <p>Confidential minutes such as Min 18 5th Jan 2021 must provide a brief note about the subject matter discussed without disclosing any specific details of the discussion other than any decisions made.</p> <p>I advised the new Clerk that the use of christian names within the Minutes should not be done, instead "Cllr Bloggs and Mr/Mrs Smith" etc should be used. Christian names are meaningless to a non-Cllr reading the Minutes.</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>The current Code of Conduct was adopted by Council on 4 December 2018</p> <p>There have been no changes in Councillors during 2020-21.</p> <p>There is a DPI link to the Ashford BC website which contains the 9 sets of DPI.</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>Revised Standing Orders and Financial Regulations were adopted by Council on 1 Dec 2020 Min 7 subject to an HR reference inserted.</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?

Council Meeting held on 4 August 2020 Min 8 considered and approved the following items-
“Approve revised Statutory documents Risk Assessment, Statement of Internal Control (SIC) for 2019-20, Governance and Accountability.”

Risk assessments are a regular item on the Council’s agenda.

The Council has insurance cover with AXA (Inspire) on a **3-year LTA due to expire 31 July 2021.**

£150,000 Fidelity cover

The Statement of Internal Control for 2020-21 needs to be put to council prior to the approval of the AGAR 2020-21.

Post Audit note: The SIC 2020-21 was considered at the Council Meeting in April 2021 and signed of by the Chairman Cllr King and the Clerk. Well done.

The Council has a “Statutory Document” page on the website containing the Standing Orders, Code of Conduct, Statement of Internal Control and **the Practitioners’ Guide to Governance and Accountability, although this is the March 2018 version, it should be the March 2020 version for the financial year 2020-21, which can be downloaded from the PKF Littlejohn website.**

Post Audit Note: 2020-21 Guide uploaded.

<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>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>Finance Committee discussed the Budget & precept for 2021-22 on 13 Oct 2020, with recommendations to Council Dec 2020.</p> <p>The Budget and Precept for 2021-22 was discussed by Council on 5 Jan 2021 Min 13 c, Budget schedule totalled £35,898 (£37,185 for 2019-20), Precept Request £24,294 (£18418 for 2019-20).</p> <p>Likely underspend against Budget (£37,055) in 2020-21 reported with only £22k spent to date.</p> <p>Closure of Games Barn but loss of income off-set by Govt grants, see Receipts Section of this Report.</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>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? • 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>Ms Sonia Young appointed Clerk/RFO on 4 Jan 2021 (attended first Council Meeting 5 Jan 2021) replacing Mrs Heather James, whose letter of resignation was noted at Council 8 Sept 2020.</p> <p>The Clerk is the only employee contracted to work 17 hrs pw., working Tuesdays and Thursdays plus evening Meetings.</p> <p>Booking Clerk to the Games Barn (unpaid volunteer) has changed to Ms Kirska Lommerud-Olsen Council 6 Oct 2020 Min 4</p> <p>The new Clerk has continued using the HMRC on-line system as used by the previous Clerk.</p> <p>The previous Clerk had opted out of any WorkPlace Pension and the Pension Regulator advised. The new Clerk may wish to opt-in to a pension scheme.</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>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>No direct debits or standing orders in place.</p> <p>Staff costs compliant with the definition.</p> <p>VAT Claimed – Year 2019 - 2020 - £1,967 received 20 May 2020 1 April 2020 to 31 March 2021 - £1,987 (inc Games Barn and Film Club) to claim in 2021-22</p> <p>Sample of contracts in place during 2020-21</p> <p>Tim Kent – Misc works Jimmy Boyle – Street cleaning Wicksteed – Play area inspection Aspire – Strimming and mowing of playing field including cricket pitch outfield - took over the contract for 2020-21 Captivewebs NHP – website Hobbs-Parker – valuation services re Orchard Nursery site ggardening – Orchard Nursery clearance and other ground works.</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 136 payments • Are internal controls of cash adequate? • Are invoicing arrangements adequate? • Covid-19 implications? 	<p>2 Feb 2021 Min 4e – Govt grants re covid closure of the Games Barn - £6,763</p> <p>Precept (£18,997) and Concurrent Function Grant (£1,151)</p> <p>As mentioned in the Budgetary Control section of this Report Covid-19 forced the closure of the Games Barn and the Film Club/Computer Centre with the resultant loss of income and reduced expenditure. Govt grants have been received namely £10,000 as Small Business Support Grant with subsequent payments linked with the Tier 4 lockdown etc adding another £10,193. Like many of my other Clients the Council has had a financially beneficial windfall.</p>
Bank reconciliation & PWLB Loans	<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 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 2021 were £73,695 (2019-20 = £64,214).</p> <p>To be reviewed in the second half of the 2021-2022 financial year by the Finance Committee.</p> <p>Last year I reported in detail the BACS authorisation arrangements using card readers etc. Cllrs Oliver and Foinette 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. The Clerk has advised that “Full Council see all payments to be made and approve those payments before Cllr Foinette or Cllr Oliver authorise those payments.”</p> <p>Despite recommending a review of the detailed Financial Regulations particularly relating to the “instructions for the making of payments” I am not convinced that the new Financial Regulations reflect the current arrangements.</p> <p>It would be prudent to increase the number of Cllrs able to authorise the BACS rather than relying on Cllrs Oliver and Foinette all the time.</p> <p>NB The Clerk acknowledged this weakness BUT the current poor level of service experienced from the “High Street” banks during the Covid-19 pandemic will not assist a review of the Council’s “bank signatories” AND any changes implemented!</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>There has been the addition of the new Notice Board on the outside of the Parish Office at a cost of £1,350. The gifted land “Orchard Nurseries” has not been included in the Asset Register. It needs to be added at a nominal value of £1. A discussion was had regarding the whereabouts of the title deeds and the Land Registry papers. To be followed up by the Clerk.</p> <p>Post Audit Note: The Council considered the Asset Register on 4 May 2021, which included the “gifted land at Orchard Nurseries”.</p> <p>The Asset Value as at 31 March 2021 was £262,800</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.</p> <p>The Council approved the 2019-20 AGAR on 7 July 2020 Min 13a & b, which was uploaded to the website on 9 July 2020</p> <p>Date of Announcement – 9 July 2020 Public Inspection period – 13 July to 21 August 2021 Evidence – upload date provided on the website shown as 9 July 2020.</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 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>The laptop has a Microsoft 365 licence for the office applications and an external hard drive exists for storage back-up.</p> <p>The Hugo Fox website is overseen by the Clerk assisted by Cllrs Elworthy and Lawton in managing the website content and addressing the Accessibility Regulations that came into force in Sept 2020. Cllr Elworthy attended an Accessibility Workshop in August 2020.</p> <p>A generic Accessibility Statement uploaded to the website on 31 Oct 2020 There is Hugo Fox accessibility feature , which when clicked provides an on/off button for potential users, it was not tested during my audit.</p> <p>All Cllrs now have a generic email address eg richard.king@egertonparioshcouncil.co.uk BUT surprisingly the Clerks email address is still clerkegertonpc@hotmail.co.uk General Data Protection Documents on the website included - General Privacy Notice, Data Protection Policy and Information Security Policy up loaded on 17th Sept 2020</p> <p>Council 5 Jan 2021 Min 4 referred to GDPR and Cllr Lawton and the new Clerk to review his recent audit to ensure nothing has been missed.</p>
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