

<p>Risk Assessment</p> <p><b>HIGH</b> 0</p> <p><b>MEDIUM</b> 1</p> <p><b>LOW</b> 15</p>	<p><b>Egerton Parish Council</b></p> <p><b>INTERNAL AUDIT 2021-2022</b></p> <p><b>AUDIT PLAN WITH COMMENTS / FINDINGS</b></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 2022, following my audit visits and subsequent conversations on 17 March and 26 April 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 Sonia Young for her assistance given to me during my audit visit.</p>	
<p><b>Area</b></p>	<p><b>Item</b></p> <p>NB new/revised audit inspection for 2021-22 if applicable.</p>	<p><b>Comments / Findings</b></p> <p><b>Year-end Audit 31 March 2022</b></p>
<p><b>Previous Audits</b></p>	<ul style="list-style-type: none"> <li>• <b>Date of last External Audit Certificate or Exemption Certificate for 2020-21</b></li> <li>• Comments if any</li> <li>• Publication on website.</li>   <li>• Date of last Internal Audit</li> <li>• Comments if any</li>   <li>• Review of any items outstanding from previous internal / external audit reports.</li> </ul>	<p>PKF Littlejohn signed off the External Auditor Certificate on 18 Sept 2021</p> <p>There was one “except for matter” caused by a transposition of figures in Section 2 Box 9 for the prior year. There were two “other matters” the first being the failure to exercise the Public Rights correctly requiring the Council to answer “NO” to Assertion 4 on the Governance Statement 2021-22. Considered by Council 7 Dec 2021 Min 12</p> <p>The AGAR information including the Section 3 response and conclusion of audit have been posted to the website.</p> <p>The Council considered the Internal Audit report – 7 Sept 2021 Min 12 noting the recording of closed sessions, bank account arrangements and signatories.</p>
<p><b>Minutes</b></p>	<ul style="list-style-type: none"> <li>• Scan of the minutes of the Council’s meetings and the Finance Committee.</li> <li>• <b>General Power of Competence (GPC) ?</b></li> <li>• Dispensations</li> <li>• S.40 LA&amp;A Act 2014 filming/recording</li> </ul>	<p>Council advised of the ending of the legality of the “remote meetings” from 7 May 2021 – Council 6 April 2021 Min 4. The combined AGM and Meeting held on 4 May 2021 was the last “remote meeting”, no meeting held until 6 July 2021, meeting cancelled and deferred to Aug 2021. Two Meetings were convened during this period to discuss local development proposals, which were held in “closed session”. The first normal “face to face” Council Meeting was held on 3 August 2021 in the Village Hall.</p> <p><b>The Agendas include listed items under an agenda heading of “Any Other Business (AOB)”, I have strongly suggested that this regular item is renamed as say “Additional Business” with the items to be discussed listed as at present. This is because AOB should NOT be part of the Council’s agenda.</b></p>

<p>Code of Conduct/ Acceptance of Office</p>	<ul style="list-style-type: none"> <li>• Date adopted</li> <li>• Any changes in elected/co-opted members since last Audit ?</li> <li>• DPI's complete</li> <li>• DPI's on website or weblink</li> <li>• New Governance Compliance</li> <li>• NEXT ELECTION ?</li> </ul>	<p>The current Code of Conduct was adopted by Council on 4 December 2018</p> <p>Cllr Elworthy resignation- Council 7 Sept 2021 Min 9 Richard Wall co-opted - 7 Dec 2021 Min 10</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"> <li>• Have they been formally adopted and applied?</li> <li>• Have any changes been made since they were adopted or the last audit?</li> <li>• Have any changes been formally adopted by the Council?</li> <li>• <b>Virtual Meetings / Delegation to Clerk/RFO stil in place ?</b></li> <li>• Updated re New NALC Models SO's 2018, Fin Regs 2019 ?</li> <li>• Two signature rule still in place?</li> </ul>	<p>Financial Regulations and Standing Orders reviewed and adopted – Council 2 Nov 2021 Min 11a &amp; 11b</p> <p>NO payment via BACS only requires 1 Cllr authorisation. Fin Reg 6.9 refers to one authorised signature.</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?

Risk assessments are a regular item on the Council's agenda.  
Playfix – playground inspection

Playfix carries out the annual ROSPA style inspection and Cllr Fionette does regular visual inspections reporting any issues to the Clerk for action as necessary. The play equipment is to be replaced with the first phase to be Actioned soon following confirmation of a £25k grant from the Geoff Wickens Trust (Council 5 April 2022 Min 10)

Annual Risk Assessment Review approved by Council 5 Oct 2021 Min 10

The Council had insurance cover with AXA (Inspire) on a **3-year LTA, which expired on 31 July 2021**. Following a tender exercise the Council has a new 3-year LTA via BHIB Ltd to 11 August 2024.

£150,000 Fidelity cover

The Statement of Internal Control for 2021-22 was approved by Council 7 March 2022

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 the Practitioners' Guide was up loaded to the website on 21 April 2021, the version uploaded is the March 2018 version, it should be the March 2021 version for the financial year 2020-21, which can be downloaded from the PKF Littlejohn website. The March 2022 version is also available now but is applicable to the 2022-23 Financial Year.**

<p><b>Budgetary Controls</b></p>	<ul style="list-style-type: none"> <li>• Is the annual budgeting process reported and approved by the Council? <ul style="list-style-type: none"> <li>○ <b>Budget/Precept amounts minuted?</b></li> <li>○ <b>Review of All Reserves included as part of the Budget Setting Process?</b></li> </ul> </li> <li>• Is the actual performance against the budgets reported to the Council during the year <ul style="list-style-type: none"> <li>○ Compare with Fin Regs?</li> </ul> </li> <li>• Are significant variances explained in sufficient detail?</li> <li>• <b>Ongoing Covid-19 implications ?</b></li> </ul>	<p>Budget 2021-22 - £35,898, Precept £24,294 both published on the website</p> <p>Finance Committee discussed the Budget &amp; Precept for 2022-23 on 13 Oct 2021, with recommendations to Council 7 Dec 2021.</p> <p>The Budget and Precept for 2022-23 was discussed by Council on 7 Dec 2021 Min 14 b, the Budget schedule (attached to the published Minutes) totalled £34,659 (£35,898 for 2021-22), Precept Request £31,076.97 (£24,294 for 2021-22).</p> <p>The reduction in Budget for 2022-23 in the light of the need to replace the play equipment (Council 1 Feb 2022 Min 12) appears strange, although I accept the Precept request is 28% higher than the 2021-22 Precept, without any budget proposed for playgrounds in 2022-23.</p> <p>Games Barn re-opened June 2021 and Film Club re-opened Sept 2021. <b>The Computer Centre has NOT re-opened to date.</b></p>
<p><b>Section 137 expenditure</b></p> <p><b>£8.41 FOR 2021-22</b> (£8.32 FOR 2020-21)</p>	<ul style="list-style-type: none"> <li>• What is the cash limit for the year?</li> <li>• Is a separate account/analysis kept?</li> <li>• Has the cash limit been exceeded?</li> <li>• Have the spending powers been properly used and Minuted?</li> </ul>	<p>No S137 donations in 2021-22</p>
<p><b>Book-keeping</b></p>	<ul style="list-style-type: none"> <li>• Cashbook - is it:</li> <li>• Fit for purpose?</li> <li>• Up to date?</li> <li>• Arithmetically correct?</li> <li>• Balanced regularly?</li> <li>• <b>Turnover above £200k pa ?</b></li> <li>• <b>Income &amp; Expenditure basis of accounting?</b></li> <li>• <b>Record keeping and the arrangements in place to store previous year's accounts etc.</b></li> </ul>	<p>Excel spreadsheet</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p><b>Not applicable</b></p>

<p><b>Petty Cash</b></p>	<ul style="list-style-type: none"> <li>• Has the amount of petty cash float been agreed?</li> <li>• Are all petty cash entries recorded?</li> <li>• Are payments made from petty cash fully supported by receipts / VAT invoices?</li> <li>• Are petty cash reimbursements signed for?</li> <li>• <b>Date of last petty cash reimbursement ?</b></li> <li>• Is petty cash balance independently checked regularly</li> </ul>	<p>N/A</p>
<p><b>Payroll</b></p>	<ul style="list-style-type: none"> <li>• <b>Who is on the payroll and are contracts of employment in place?</b></li> <li>• Who is the RFO?</li> <li>• <b>Annual Appraisal in place ?</b></li> <li>• Have there been any changes to the establishment and/or changes to individual contracts during the year?</li> <li>• <b>Members Allowances in place and paid via payroll system?</b></li> <li>• Have new appointments and changes to contracts been approved and minuted?</li> <li>• Do salaries paid agree with those approved by the Council?</li> <li>• Have PAYE/NIC requirements been properly applied and accounted for?</li> <li>• Payroll outsourced?</li> <li>• <b>WORKPLACE PENSION IN PLACE</b></li> </ul>	<p>Ms Sonia Young appointed Clerk/RFO on 4 Jan 2021 confirmed as permanent from 1 July 2021 and salary review from 1 August 2021 approved– Council 3 Aug 2021 Min 10</p> <p>The Clerk is the only employee contracted to work 17 hrs pw., working Tuesdays and Thursdays plus evening Meetings. Clerks hours increased to 21hrs pw for Sept &amp; Oct 2021 – 7 Sept 2021 Min 4d), this was for a temporary period, although the Clerk has a lot of hours in credit to take time-off in lieu. Council 1 March 2022 Min 16 agreed additional hours to prepare for the year-end audit/AGAR. The Clerk advised that she has been asked to keep a log of any extra hours worked at times of real pressure and keep the Chairman informed.</p> <p>Booking Clerk to the Games Barn is Ms Kirska Lommerund-Olsen, which is an “unpaid position”.</p> <p>The Clerk has continued using the HMRC on-line system as used by the previous Clerk.</p> <p>The Clerk has opted out of a WorkPlace Pension Scheme and the Pension Regulator advised.</p>

<p><b>Payments</b></p>	<ul style="list-style-type: none"> <li>• Are all payments recorded and supported by appropriate documentation?</li> <li>• Are payments minuted?</li> <li>• Review of DD's and SO's ?</li> <li>• <b>STAFF costs definition for inclusion in Box 4 for 2021-22, check parity for 2020-21 ? Currently includes salary, tax, NIC &amp; Pension (employee &amp; ers) + taxable benefits ( home working allowance, broadband &amp; phone allowance etc NOT incl.</b></li> <li>• Has VAT been identified, recorded and reclaimed?</li> <li>• Have internal control procedures been adhered to?</li> <li>• Contracts: <ul style="list-style-type: none"> <li>○ What contracts exist?</li> <li>○ Compliance with SO's</li> <li>○ Have any new contracts or contract variations/extensions been awarded in the year?</li> <li>○ Procedures adopted for letting of contracts</li> <li>○ Have contract payments been made in accordance with the contract document?</li> </ul> </li> </ul>	<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 annual return 2020-21 - £1,987 received 14 May 2021 included elements for the Games Barn and Computer Centre. VAT paid during 2021-22 totalled £9,498 to be claimed in 2022-23</p> <p><b>Neighbourhood Planning Referendum – 10 Feb 2022 result 91.47% in favour posted on the website</b></p> <p><b>Sample contracts in place during 2021-22</b>  Tim Kent – Misc works  Jimmy Boyle – Street cleaning  Aspire – Strimming and mowing of playing field including cricket pitch outfield – 3-year contract  Captivewebs NHP – website  Kirsa Lommerund-Olsen – Games Barn contract cleaner  JRB Roofing td – Games Barn roof replacement  Greenman Solar Ltd – PV panels linked with the Games Barn roof replacement</p>
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<p>Receipts</p>	<ul style="list-style-type: none"> <li>• Are all receipts recorded correctly?</li> <li>• Are all receipts promptly banked?</li> <li>• Precept, CTSG and Sect 106 &amp; CIL payments</li> <li>• <b>Are income records inc allotments, burials, hirings adequate?</b></li> <li>• Are invoicing arrangements adequate?</li> <li>• <b>Ongoing Covid-19 implications?</b></li> </ul>	<p>Section 106 details related to New Road site detailed in 6 April 2021 Minutes.</p> <p>Geoff Wickens Trust – grants £3,480 towards tree felling May 2021 and £1,223 towards playground repairs</p> <p>Games Barn has re-opened and the Fillm Club has recommenced, but the Computer Centre has not re-opened yet.</p>
<p>Bank reconciliation &amp; PWLB Loans</p>	<ul style="list-style-type: none"> <li>• What current/deposit accounts exist?</li> <li>• <b>Investment Strategy recommended where bank balances are in excess of £100k. FSCS aware ?</b></li> <li>• Are bank reconciliations regularly carried out for each account?</li> <li>• Level of Balances to Precept ratio</li> <li>• Are the cheque counterfoils, paying-in books and bank statements adequately referenced?</li> <li>• When was the last review of the banking arrangements?</li> <li>• <b>Internet Banking/Corporate Card and if in place Financial Regs updated ?</b></li> <li>• Signature review (Two signatures required?)</li> <li>• Any PWLB loans ?</li> </ul>	<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 2022 were £54,008 (2020-21 = £73,695).</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><b>Significant sums of money is being spent by the Clerk on her personal credit card, this is not acceptable and unsustainable Eg laptop (£530) Christmas tree (£130) The Council can resolve this by applying for a Corporate Credit Card in the name of the Clerk/RFO, which would normally have financial limits imposed such as a “monthly spend limit of say £2,000” and a “single transaction limit of say £1,000”. The Clerk would retrospectively report the credit card spend via the monthly “statement” with attached invoices/chits etc (similar to a petty cash arrangement). The credit card statement would be “cleared automatically” by DD each month.</b></p> <p>Only Cllrs Oliver or Foinette Council 5 April 2022 Min 13 approved the addition of Cllrs Wall and Parr as authorised signatories.</p> <p>No loans</p>

<p><b>Assets and Asset Register (AR)</b></p>	<ul style="list-style-type: none"> <li>• Are all the material assets owned by the Council recorded in an AR ?</li> <li>• Is the AR up to date?</li> <li>• Basis of Asset Values?</li> <li>• Are long-term investments recorded?</li> <li>• Are the valuations regularly reviewed?</li> <li>• Does the AR show the insurance values ?</li> <li>• Digital Photographic evidence?</li> <li>• Is there a separate Inventory List of low value items (e.g. below the insurance excess levels) ?</li> </ul>	<p>Register of Assets considered by Council on 1 March 2022 – total value shown is £308,164</p> <p>Additions -  Games Barn Roof replacement and solar panels - £45,276 Feb 2022 (extending the life of the Games Barn)  Replacement printer/scanner May 2021  Replacement laptop (HP) and Windows 11 software Dec 2021 - £450 + £80</p> <p>Scrappage –  Picnic tables recreation ground</p>
<p><b>Year-end procedures Inc. AGAR</b></p>	<ul style="list-style-type: none"> <li>• Does the <b>2021-22 AGAR Statement of Accounts</b> agree with the cashbook?</li> <li>• Is there an audit trail from the financial records to the accounts?</li> <li>• Have debtors and creditors been properly recorded?</li> <li>• <b>Date of approval of 2020-21 AGAR &amp; Certificate of Exemption criteria met, exemption declared</b></li> <li>• <b>PROOF of public rights provision during summer 2021 &amp; website– AIAR ICOs</b></li> <li>• <b>Public Inspection Period Minuted ?</b></li> <li>• New governance compliance regime - refer to new <b>Practitioners' Guide 2021</b></li> </ul>	<p>Accounting records were checked against the figures to be used in the AGAR Statement of Accounts for 2021-22, including the Bank Reconciliation.</p> <p>AGAR for 2020-21 signed off by Council 4 May 2021 Min 13 c i &amp; ii, Statement of Accounts signed off by RFO on 30 April 2021</p> <p><b>Date of Announcement - 21 June 2021 NB should be dated at least 1 day before the start of the Inspection Period.</b>  <b>Public Inspection period – 21 June 2021 to 30 July 2021</b>  <b>Evidence – Uploaded to the website on 18 June 2021</b>  <b>NB Councils are requested to formally minute the Public Inspection Period as part of the AGAR approvals</b></p> <p><b>Extract from Publication Requirements shown on Page 1 of the AGAR Form 3</b>  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.  <b>Extract from Detailed Instructions issued by PKF Littlejohn</b>  Publishing means inclusion <b>on the authority's website*</b>. 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"> <li>• Computer systems: <ul style="list-style-type: none"> <li>○ The procedures for the backing up of computerised records</li> <li>○ Council owned PC/laptop ?</li> <li>○ <b>Email security</b></li> <li>○ <b>Encryption of data?</b></li> </ul> </li> <li>• <b>Trust Funds/Charities – Charity Commission filing?</b></li> <li>• Annual review of the effectiveness of Internal Audit inc. Appointment of IIA</li> <li>• <b>Website host and Webmaster and any changes?</b></li> <li>• <b>Website functionality &amp; accessibility (23 Sept 2020 deadline) NALC L09-18</b></li> <li>• <b>TRANSPARENCY CODE compliant especially for Exempt Authorities</b></li> <li>• <b>Post GDPR (25 May 2018)</b> <ul style="list-style-type: none"> <li>○ <b>Privacy Notice</b></li> <li>○ <b>Cllr email addresses?</b></li> <li>○ <b>Email disclaimer</b></li> <li>○ <b>Other matters inc DPO arrangements</b></li> </ul> </li> </ul>	<p>Captive Web is the Council’s preferred IT support company. Clerk’s IT system – Microsoft 365 Office upgrade. The Clerks laptop was replaced with a new HP laptop with Windows 11 operating software.</p> <p>The back-up arrangements now include the Microsoft “OneDrive” Cloud backup. All the Councils files are held on the Council owned laptop used by the Clerk with a back-up arrangement of 2 USB sticks exchanged with the Chairman each month.</p> <p>Not applicable</p> <p>The Hugo Fox website is overseen by the Clerk assisted by Cllr Lawton in managing the website content and addressing the Accessibility Regulations that came into force in Sept 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 have a generic email address eg <a href="mailto:richard.king@egertonparioshcouncil.co.uk">richard.king@egertonparioshcouncil.co.uk</a> <b>Except Cllr Wall BUT surprisingly the Clerks email address is still <a href="mailto:clerkegertonpc@hotmail.co.uk">clerkegertonpc@hotmail.co.uk</a> This needs to be changed</b> General Data Protection Documents on the website included - General Privacy Notice, Data Protection Policy and Information Security Policy up loaded on 17<sup>th</sup> Sept 2020</p> <p>123 Red is the email provider. <b>Waveney IT Services based in Headcorn provides email addresses to many of my Clients <a href="http://www.waveneyit.co.uk">www.waveneyit.co.uk</a></b></p>
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