

<p><b>Risk Assessment</b></p> <p><b>HIGH</b> 0</p> <p><b>MEDIUM</b> 2</p> <p><b>LOW</b> 14</p>	<p style="text-align: center;"><b>Benenden Parish Council</b></p> <p style="text-align: center;"><b>INTERNAL AUDIT 2019-2020</b></p> <p style="text-align: center;"><b>AUDIT PLAN WITH COMMENTS / FINDINGS</b></p> <p>I am pleased to report to Members of the Benenden 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 remote audit and subsequent conversations on 8 June 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, Ms Caroline Levett for his assistance given to me during my audit visit.</p>	
<p style="text-align: center;"><b>Area</b></p>	<p style="text-align: center;"><b>Item</b></p>	<p style="text-align: center;"><b>Comments / Findings</b></p> <p style="text-align: center;"><b>Annual Audit 8 June 2020</b></p>
<p><b>Previous Audits</b></p>	<ul style="list-style-type: none"> <li>• Date of last External Audit Certificate <b>or Exemption Certificate</b></li> <li>• Comments if any</li> <li>• Publication on website.</li> <li>• Date of last Internal Audit Comments if any</li> <li>• Review of any items outstanding from previous internal / external audit reports.</li> </ul>	<p>PKF Littlejohn signed off the AGAR 2018-19 on 30 Aug 2019. Received by Council 16 Sept 2019 (Min 11 b).</p> <p>There were no comments.</p> <p>Posted on the website on a separate webpage together with the detailed expenditure and income for the year and Budget Performance Reports, This is “best practice”, well done.</p> <p>2 October 2019 - Considered by Resources Committee 2 Dec 2019 (Min 4)</p> <p>Outstanding matters included the review of the Standing Orders and Financial regulations against the latest NALC Models, the Annual Review of Risk Assessments, the modification of Cllrs bank mandate with Unity Trust (ie to remove the “submit” function as NOT required and the GDPR risk of Cllrs personal email accounts being used for Council business.</p>

Minutes	<ul style="list-style-type: none"> <li>• Scan of the minutes of the Council's meetings and the Finance Committee.</li> <li>• Localism Act 2011</li> <li>• <b>General Power of Competence ?</b></li> <li>• Dispensations</li> <li>• S.40 LA&amp;A Act 2014 filming/recording</li> </ul>	<p>I scanned the minutes for the year as evidenced by reference within this Report.</p> <p>Covid-19 has forced the introduction of "virtual meetings" conducted using "Zoom", the first meeting was held on 20 April 2020 with the Standing Orders for the holding of Remote Meetings being approved as the second agenda item – Council 20 April 2020 Min 2. Well done for sorting this out so quickly and efficiently.</p>
Code of Conduct/ Acceptance of Office	<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>• <b>NEXT ELECTION ?</b></li> </ul>	<p>8 Councillors in post with 1 vacancy</p> <p>Cllr Cochrane co-opted 17 June 2019 (Min 14) Cllr Manford resignation – 17 Feb 2020 (Min 4d) Co-option postponed until the threat of Covid-19 diminishes and normality returns (Council 20 April 2020 Min 5b)</p> <p>The website has a link to the TWBC website to view the DPI's</p> <p>May 2022</p>
Standing Orders and Financial Regulations	<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>Updated re New NALC Models SO's 2018, Fin Regs 2019 ?</b></li> <li>• Two signature rule still in place?</li> </ul>	<p>The Financial Regulations had been reviewed by the Resourcing Committee on 2 Dec 2019 Min 6 and approved by Council 9 Dec 2019 Min 10</p> <p><b>The Standing Order's on website are dated July 2018. NALC have issued some updates to their Model since 2018, so these SO's need to be reviewed and at the same time can incorporate the "emergency measures including virtual meetings" into an updated version.</b></p> <p>Financial Regs were reviewed in light of new NALC model and this model followed</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 Resourcing Committee – 2 Dec 2019 Min 7 reviewed the Risk Management Plan, contact details were updated and the items relating to the Harmsworth Memorial Trust were to be removed.

Insurance renewal on 1 August 2019, the Council considered 3 quotes provided by Came & Co (broker). The Council approved renewal with Inspire (via AXA) for 1 year to 31 July 2020. Council 19 July 2020 Min 11 c

Fidelity cover is £150,000

Over several years the Clerk has put numerous policies and procedures to Council for adoption and as necessary reviewed and updated them. I have already mentioned the SO's and Fin Regs, others include policies & procedures linked with the GDPR introduction in 2018 such as the Privacy Notice, various employment policies and now attention is drawn to the website Accessibility Regs 2018 (see last page). Some of these are on the Council's website, but not all and I have suggested the Clerk considers the creation of a new webpage devoted to "Policies & Procedures" to collect all the policies etc thus creating an "electronic filing cabinet" providing a quick and easy access point to these policies for both Councillors and the Clerk.

However, these documents must be regularly reviewed and the versions on the website kept up to date. One thing I encourage is to request one or two Councillors to regularly trawl through the Council's website to check for any missing content (eg Minutes), any links that are not working (eg DPI link to TWBC) and any content that is out of date, which could range from the Policies & Procedures (the adoption dates should be shown prominently on the front page) to the latest news on Covid-19. Any issues can be reported to the Clerk to rectify.

<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> </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> </ul>	<p>April – July 2019 Finance Monitoring - 19 July 2019 Min 11b</p> <p>The Resources Committee met on 2 Dec 2019 had considered a Budget Statement to 30 Nov 2019 and the Budget and Precept for 2020-21 and brought forward its recommendations to Council on 9 Dec 2019. It was agreed to recommend a Budget for 2020-21 “largely the same as 2019-20” (Min 10). Based on the advised Tax Base for 2020-21 (923.90) a Precept of £40,350 was recommended, representing no change for the Band D tax (Min 11).</p> <p><b>NB there was no mention in the Council Minutes of the approved Budget for 2020-21, this should be included next time for 2021-22.</b></p> <p>The Clerk keeps a separate account for the Neighbourhood Development Plan, which was reported to the Resourcing Committee Min 8.</p>
<p><b>Section 137 expenditure</b></p> <p><b>£8.12 FOR 2019-20</b> (£7.86 FOR 2018-19)</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>£11,341 was spent under S137 powers in 2019-20 including £10,000 towards the funding of new play equipment owned and managed by the Benenden Village Trust.</p> <p>Part of the Resourcing Committee’s Budget Discussions for 2020-21 included the calculation of the S137 threshold, which for 2019-20 was based on £8.12 per elector equating to £15,000 approx based on 1,850 electors. The S137 factor for 2020-21 is £8.32 per elector.</p> <p>Cash limit has not been exceeded</p>
<p><b>Book-keeping</b></p>	<ul style="list-style-type: none"> <li>• Cashbook - is it: <ul style="list-style-type: none"> <li>○ Fit for purpose?</li> <li>○ Up to date?</li> <li>○ Arithmetically correct?</li> <li>○ Balanced regularly?</li> </ul> </li> </ul>	<p>Excel</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>

<p>Petty Cash</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>• Is petty cash reimbursement carried out regularly?</li> <li>• Is petty cash balance independently checked regularly</li> </ul>	<p>N/A</p>
<p>Payroll</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>• Have there been any changes to the establishment during the year?</li> <li>• Have there been any changes to individual contracts during the year?</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 any ad-hoc payments or benefits been appropriately approved?</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>The Clerk is the only employee working 15hrs pw. The Council conducted a formal appraisal process in Feb/Mar 2020 (Council 16 March 2020 Min 10b). I understand from the Clerk that Cllrs Cochrane and Grant will meet with the Clerk to discuss the outcome and presumable advancement up the pay scale if performance has been satisfactory. The annual "cost of living" pay award for 2020-21 has not been announced yet.</p> <p>Payslips and quarterly statements produced summarising the HMRC payments were inspected and found to be in order.</p> <p>T P Jones &amp; Co – Payroll administration services</p> <p><b>There has been no Work Place Pension scheme in place during 2019-20, although I reported in my Audit report last year that NEST had been approved. The Clerk confirmed she had raised it during her appraisal. It is the Employers responsibility to offer a Pension Scheme to the employee. I strongly suggest the Council consider back-dating the commencement of the Pension Scheme to at least 1 April 2019 if not earlier!</b></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 2019-20, check parity for 2018-19 ? 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>• Are items above a de minimus amount purchased competitively?</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>Monthly transaction report considered by Council at every meeting and a list of approved payments include in the Minutes, showing method of payment, payee, details of payment and amount.</p> <p>DD's in place John Lewis (broadband) and printer lease</p> <p>Definition applied y the Clerk is in line with the AGAR requirement</p> <p>VAT claim paid in respect of 2018-19 = £4,962 recd. Nov 2019  VAT claim to be made for period 1 April 2019 to 31 March 2020 = £4,123</p> <p>T P Jones &amp; Co – payroll admin  Merit Thornton – NDP support/advice  Tenterden Twilight – Public Convenience Cleaning  Thompsett Landscaping – Grounds Mtce  BT – Office phone  Krystal Hosting – website hosting fee  CF Corporate Finance - Printer/copier new 24 month contract 21 Oct 2019 Min 11  M Patrick – war memorial mtce/upkeep  T Baldwin – lengthsman services (now retired)  TWBC – fortnightly civic amenity vehicle service</p>
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<p><b>Receipts</b></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 136 payments</li> <li>• Are internal controls of cash adequate?</li> <li>• Are invoicing arrangements adequate?</li> </ul>	<p>The Council received NDP Grant from Groundwork UK of £6,970. Part of the grant will be repaid in 2020-21 Accounts as minuted – Council 18 May 2020 Min 11 payments listing = £3,201</p> <p>The Clerk has billed other parish organisations for their share of the cost of the hosting service paid for in full by the council.</p>
<p><b>Bank reconciliation &amp; PWLB Loans</b></p>	<ul style="list-style-type: none"> <li>• What current/deposit accounts exist?</li> <li>• FSCS aware and compliant?</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>• Internet Banking/Corporate Card ?</li> <li>• Signature review (Two signatures required?)</li> <li>• Any PWLB loans ?</li> </ul>	<p>The Council has one bank account with Unity Trust Bank, other than a few monthly direct debits and bank service charges, all payments were made by the excellent internet banking facilities, which preserve the 2-signature authorisation.</p> <p>Council 16 March 2020 Min 10a reported that Cllr Cochrane had checked the Bank reconciliations as required by Financial Regulations, this is an activity the Councillor has undertaken throughout the year.</p> <p>The Bank Balance as at 31 March 2020 = £68,251, well within the FSCS threshold of £85,000.</p> <p>Only two cheques were issued during 2019-20</p> <p>No card facility</p> <p>There has been no change to the signatory list during the year.</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 investments recorded?</li> <li>•</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>New arrangements between the Council and the Benenden Village Trust (BVT) were agreed Council 19 July 2019 Min 5 including rent of office space for 2019-20 = £600 and 50:50 split of office running costs (telephone line, broadband and printer lease). I have strongly advised the Clerk NOT to be tempted to "offset" the 50% share of the office costs against the rent due, BVT to bill the Council and the vice versa.</p> <p>New laptop approved – 19 July 2019 Min 11b i - to share cost with BVT purchased Sept 2019</p> <p>Gift of 2 benches from the estate of late Mr Cooper. 19 July 2019 Min 12, both benches have been gifted to BVT not the Council.</p> <p>Main items on the insurance policy is Public Toilets, Street furniture and war memorial</p>
<p><b>Year-end procedures inc. AGAR</b></p>	<ul style="list-style-type: none"> <li>• Does the AGAR Statement of Accounts 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 AGAR &amp; Certificate of Exemption if applied</b></li> <li>• <b>PROOF of public rights provision during summer 2019 &amp; website- AIAR ICO L</b></li> <li>• New governance compliance regime - refer to new <b>Practitioners' Guide 2019</b></li> </ul>	<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>AGAR 2018-19 approved and signed off at Council meeting 17 June 2019 Min 9a i &amp; ii</p> <p><b>Date of Announcement – 17 June 2019</b>  <b>Public Inspection period – 20 June to 31 July 2019</b>  <b>Evidence –</b> Screen shot of posting history provided by the Clerk indicated a posting date of 17 June 2019</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>• Record keeping and the arrangements in place to store previous year’s accounts etc.</li> <li>• <b>Annual review of the effectiveness of Internal Audit inc. Appointment of IIA</b></li> <li>• <b>Annual Statement of Internal Control</b></li> <li>• Website host and Webmaster</li> <li>• <b>Website functionality &amp; accessibility NALC L09-18</b></li> <li>• TRANSPARENCY CODE compliant ?</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</b></li> </ul> </li> </ul>	<p>The Council’s electronic records are held in the “cloud” set up by Rohan Barnett a local resident who has voluntarily helped the Clerk with IT issues.</p> <p>The Council’s 5-year old laptop was replaced in September 2019</p> <p>The website is by Sureline Design and the domain name <a href="http://www.benendenparishcouncil.org">www.benendenparishcouncil.org</a> is hosted via Krystal Hosting Ltd based in Devon and is annually renewed in February.</p> <p>The functionality of the website is very good and easy to navigate compared to a lot of PC sites I visit during my audit work.</p> <p>However, there was no mention of the Accessibility Regulations 2018, which requires all existing websites to be compliant with the Regs 2018 by Sept 2020. I have suggested the Clerk views the Brenchley &amp; Matfield PC and Wrotham PC websites who have an “app” on the homepage, which provides a pop-up accessibility menu, something that I imagine could be bolted onto the Council’s website. This something the Council has no choice over, a bit like compliance with GDPR (see below). Perhaps this something Rohan Barnett may be able to advise on?</p> <p>The Council used to use LCPAS as the nominated DPO. I understand from other Clients that this firm has been wound up as the owner of the business has retired. GDPR-info is another Company that provides DPO support to parish councils if it is felt necessary.</p> <p>In my Report last year I mentioned the need to establish bespoke email addresses for all Cllrs. From the Minutes I have gleaned :-  Clerk to investigate Cllr email addresses Council - 21 Oct 2019 Min 14 Resourcing Committee 2 Dec Min 4 and Council - 9 Dec 2019 Min 4a, Council - 16 March 2020 Min 4c – reported that all Cllrs have a new parish council email address, Cllr Driver had sent out instructions/advice on how to set this up. <b>The Clerk has advised that the emails have not “gone live” yet! There is usually a hosting service charge per email address, which would be administered by the Clerk.</b></p>
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