

Sandwich Town Council Finance and General Purposes Committee



Agenda

Chair: Cllr C Wiles

Councillors: P Carter (Mayor), I Black, P Breen, D Carter, E Csuka, J Franklin, N Gray, and C Ungerson


Councillors and Members of the Finance and General Purposes Committee are hereby summoned to attend a Meeting in the Council Chamber, Guildhall on Monday 20th November 2023 at 18:30 to transact the business on the agenda below.

Gill Gray - Town Clerk

Date: Wednesday 15th November 2023

1	Apologies for absence received:	
2	Declarations of interest: To receive any declarations of disclosable pecuniary interests from Members in respect of business to be transacted on the agenda.	
3	Minutes of the Finance and General Purposes Committee: To receive the Minutes of the Finance and General Purposes Committee held on 16 th October 2023 and to consider any matters arising from those minutes not covered elsewhere in this agenda.	Attach 1
4	Public Participation: A 20-minute session is set aside for members of the public to make representations at the meeting in respect of the business on the agenda. Individual representations should not exceed 5 minutes. (Written notice of the desire to exercise the right to speak, together with the topic to be addressed, must be given to the Town Clerk prior to noon on the day of the meeting)	
5	First Draft of Budget for 2024/2025 Members to receive and consider a report from the RFO including the first draft of the proposed Budget for 2024/2025; comments and feedback welcomed to progress to second draft. RFO recommendations are: <ul style="list-style-type: none"> • that Members consider if there are any other changes required to the draft Budget. • The F&GP Committee meet in December to further consider and approved 2024/2025 budgets. • That if budgets cannot be approved in December, then a meeting is scheduled for mid-January to approve the 2024/2025 budgets prior to the Precept demand deadline: Decisions required 	Attach 2
6	Proposal to Outsource Payroll Members to receive a report from the Town Clerk with a proposal to outsource the preparation of payroll for staff employed by STC and STBF. Three quotations have been sought; the third quotation is expected prior to the meeting. Members invited to recommend to Council: Decision required	Attach 3
7	Interim Audit Report from Internal Auditors – Mulberry & Co	Attach 4

	The newly appointed Internal Auditor Mulberry & Co have visited the Guildhall on 10 th November 2023 to undertake an interim period audit to consider the governance and accounts using samples where appropriate covering the entire year to date. Members are invited to note the report which will be an Agenda item for Council on 27 th November 2023.	
8	Date and time of Next Meeting: Monday 11th December 2023 at 18:30 in the Council Chamber at the Guildhall.	

Minutes of Sandwich Town Council Finance and General Purposes Committee Meeting held in the Council Chamber on 16th October 2023 at 18:30 hours.		
Chair: Cllr C Wiles Councillors: Cllrs I Black, E Csuka, J Franklin, and N Gray Officer: Town Clerk Observing: One resident		
FG.10.23.1	Apologies for absence received: Cllr C Ungerson due to a travel commitment, Cllr P Breen due to a travel commitment and Cllr M Pennington sent apologies due to convalescing.	
FG.10.23.2	Declarations of interest: To receive any declarations of disclosable pecuniary interests from Members in respect of business to be transacted on the agenda. None received.	
FG.10.23.3	Minutes of the Finance and General Purposes Committee: Members received and approved minutes of the Finance and General Purposes Committee held on 18 th September 2023. Cllr Csuka queried when the draft Business Continuity Plan for the F&GP Committee meeting in October will be shared; Town Clerk advised should be next meeting in November. Town Clerk to provide a report with an update including strategic view on the play areas for the F&GP Committee meeting in November. Town Clerk to still seek clarification on the following items: <ul style="list-style-type: none"> • Benches on the Butts and future maintenance position • Funding contribution from Southern Water explanation from DDC in relation to suspended parking. • If partial refurbishment option for play area what is the expected life of items not replaced • When and how will full consultation be undertaken • Committee to note that H&T Committee will be conducting a survey of street furniture. Town Clerk to provide the STC assets register for the November F&GP Committee meeting. Town Clerk to send a further email/letter to request that the old STC Facebook page is closed. There should be a rolling action list provided by the Town Clerk for the meeting in November. It was moved by Cllr J Franklin and seconded by Cllr E Csuka and RESOLVED: to receive and approve the minutes of the	

	<p>meeting of F&GP Committee on 16th October 2023 and the actions agreed. 1 Member abstained.</p>	
FG.10.23.4	<p>Public Participation A 20-minute session is set aside for members of the public to make representations at the meeting in respect of the business on the agenda. Individual representations should not exceed 5 minutes. (Written notice of the desire to exercise the right to speak, together with the topic to be addressed, must be given to the Town Clerk prior to noon on the day of the meeting) There were no speakers.</p>	
FG.10.23.5	<p>Sandwich Town Council 2023-2024 Financial Forecast Members considered various reports from the RFO, including:</p> <ul style="list-style-type: none"> • Income and expenditure statement • Budget Variance • Forecast spreadsheet and report. <p>The forecasts detailed at 30th September 2023. The Committee discussed the format for presenting the accounts. The debate captured the following observations:</p> <ul style="list-style-type: none"> • Cllr Csuka raised the fact that the Maddox Fund was not appearing as ringfenced; Town Clerk to clarify with the RFO for the next meeting. • Cllr Csuka raised the query around Market income which appears to be missing for periods. • There was confusion from Cllr Wiles and Cllr Gray around the payments to the Guildhall from STBF and why it was not shown as income; Town Clerk to clarify with RFO for next meeting. • There was concern that using the word "refund" was misleading. • The Working Group to drill down on the large expenditure where there are variances. • There should be an improvement when the new Finance software is sourced and implemented. <p>Members agreed that the Working Group to spend time looking at the Forecast in greater detail and debate the format. Cllr N Gray to seek clarification from the RFO with individual queries. It was RESOLVED: that the reports from the RFO were noted.</p>	
FG.10.23.6	<p>Thursday Market on Guildhall Square/Forecourt Town Clerk shared a verbal report with Members which included the number of stalls and the average weekly income generated. Cllr E Csuka pointed out that the income was not net as the Town Clerk hourly rate must be deducted at the moment. There will be a report produced that looks at the historical data for market income. Cllr C Wiles was pleased with progress and a Saturday market could be explored for the future to include gazebos.</p>	
FG.10.23.7	<p>Finance and Assets Working Group Members considered the report which included the draft Terms of Reference for the F&A Working Group and discussed the proposed date of the first meeting. It was moved by Cllr E Csuka and seconded by Cllr N Gray and RESOLVED: that the Terms of Reference were adopted and shared at the next STC meeting, and the first meeting</p>	

	<p>agreed to be held on 8th November 2023 at 16:30 hours, Cllr C Wiles agreed to take the minutes for the WG meeting. Town Clerk or RFO to attend the WG meetings.</p>	
FG.10.23.8	<p>Draft Terms of Reference for Committees Town Clerk shared a proposed first draft of the Terms of Reference for Committees for STC and invited comments/feedback from Members. The comments to be collated and used to prepare the second draft to be shared with all Members for comment before preparing for Council at the November meeting of STC. It was RESOLVED: that all the comments to be collated and used by Town Clerk to prepare the second draft of the TOR for Committees for STC. The second draft to be shared with all Members of Council for comment before preparing the third draft for presenting at November meeting of STC.</p>	
FG.10.23.9	<p>Priorities for F&GP Committee for 2023/2024 Town Clerk presented a report with recommended actions for prioritising for F&GP Committee in 2023/2024 with the addition of proposed timescales/dates. The priorities to be reviewed at each meeting and the list added to as required. A report to be shared with STBF for the October meeting. It was moved by Cllr C Wiles and seconded by Cllr E Csuka and RESOLVED: that the priorities were noted.</p>	
FG.09.23.10	<p>Confidential Matters: Under the Public Bodies (Admission to Meetings) Act 1960 (extended by s.100 of the Local Government Act 1972) the public may be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Local Government Act 1972 by virtue of the paragraph specified against the item. 1. Information that relates to a particular employee, or a particular officeholder, under the Authority. It was moved by Cllr I Black and seconded by Cllr N Gray and RESOLVED: that the public were excluded from the remainder of the meeting as the information related to a matter that relates to a particular employee, or a particular officeholder, under the Authority.</p>	
FG.09.23.11	<p>Staff Restructure Update Town Clerk shared a confidential report with Members that provided an update on the proposed restructure in relation to contracts and pay scales. It was moved by Cllr I Black and seconded by Cllr J Franklin and RESOLVED: that the recommendations were supported and approved to be recommended to Council with the two caveats identified; consultation and impact on budget.</p>	
FG.09.23.12	<p>Meeting closed 20:14 hours</p>	
FG.09.23.13	<p>Date and time of Next Meeting: Monday 20th November 2023 at 18:30 within the Guildhall.</p>	

Report to Councillors and Members of: F&GP Committee

Meeting scheduled for 20th November 2023

Report from: Responsible Finance Officer

Date: 15th November 2023

Subject: Sandwich Town Council Draft Budgets 2024/25

Classification: General

Purpose of report:

To provide information to accompany the Excel spreadsheet STC 2024/25 Draft Budget.

Content:

The draft budget has been collated by the Responsible Finance Officer, in conjunction with the Town Clerk.

A 10% rise in precept has been illustrated, although please note this is not a recommendation from the RFO.

Please note that Council Tax was not increased in 2023/24 or 2022/23.

The Committee and then the Council have ultimate responsibility for this information and can make any changes deemed necessary.

This document accompanies the Excel spreadsheet, STC 2024/25 Draft Budget.

In summary, the main changes to the Draft 2024/25 budget when compared to the current budget are as follows:

- Reduction in Mayor's Travel and Mayor's Attendant budgets (saving £10,000 overall).
- Addition of Speaker's Day budget for 2024.
- Addition of Councillor Training budget.
- Overall reduction in staff costs by reducing Staffing Contingency and Staff Recruitment budgets.
- Reduction in Office Expenses and IT Expenses budgets.
- Visitor Assistants recruited for Spring / Summer 2024.
- Reduction of £10,000 overall on Open Spaces & Properties.
- £20,000 contribution returned to Monks Wall Nature Reserve Account.
- Overall contribution to STBF Guildhall reduced by £30,000 to £99,080.
- Market Manager budget no longer required as part of Assets Officer role.
- Reduced income streams re Quay Conveniences and Visitor Information Centre.

Mayor's Travel and Mayor's Attendant budgets

A reduction has been achieved by amalgamating the Mayor's Travel and Mayor's Attendant budget, and by contracting out the role, particularly for the larger events.

Speaker's Day

Previously undertaken in 2017, this budget has been calculated using the details of expenditure and income related to the Speakership events in 2017, using a 20% uplift.

Councillor Training

This is a new budget of £1,500 to cover any required training for Councillors in 2024/25.

Staffing Contingency and Staff Recruitment budgets

These budgets have been reduced as a new staff structure is now in place. The hope is that there will be very little need for temporary staff or recruitment in 2024/25.

Office Expenses and IT Expenses budgets

The 2023/24 budget for office expenses included £4,000 for redecoration. This has not been achieved, and the budget has been removed for 2024/25, although this still includes £1,800 for ad-hoc spend, such as GDPR costs.

The 2023/24 IT Expenses budget included extra funds for items such as microphones and live streaming of council meetings. Microphones have now been purchased and the system is expected to be in place before April 2024. The IT budget for 2024/25 includes enough to cater for the following: STC website, IT support and a finance software system.

Visitor Assistants

For the last two years, Sandwich Town Council has employed two roaming Visitor Assistants. This has created an enhanced visitor information service on Fridays and weekends from March to October, when the Guildhall Visitor Information Centre has been closed. This successful service has been integrated into the staff salaries (S144 Tourism) for 2024/25.

Open Spaces and Properties

The budget for Black Lane Allotments has been increased to £5,130, which is the expected income for 2024/25. This is in line with National Allotment Society policy.

Donkey Paddock has been given a budget of £500, for ongoing planting / maintenance, but more information or suggestions as to a suitable on-going budget would be welcome.

Restoration of the war memorial has taken place in 2023, and therefore just the cost of flowers, provided by a local florist, is included here.

Repairs / maintenance to Fishergate is expected to be required soon. This may take place in 2023/24 or 2024/25. I have included £1,500 for this within the 2024/25 budget but if repairs are delayed an increase in the budget might be required (using the 2023/24 underspend). Utilities for Fishergate, including Business Rates, are expected to cost £3,500.

A budget for Bay Hall is not included, as this is not a named Ring-Fenced Reserve. The Maddox Fund monies received so far (expected carry forward £156,000) will cover any costs related to Bay Hall. Urgent repairs and maintenance are due to be undertaken, including tree works.

Monks Wall Nature Reserve

In 2019/20 the town council took the decision to move £20,000 from the Monks Wall Nature Reserve budget in order to balance the STC general account. This amount was taken from £52,401 of compensation funds that were awarded to Monk Wall Nature Reserve relating to flood damage. It was promised at the time that the amount would be returned to Monks Wall Nature Reserve when it was possible, and therefore I have added £20,000 to the MWNR budget for 2024/25.

Sandwich Town Council contribution to STBF Guildhall Account

The contribution to the running of the Guildhall has been reduced to a balancing figure of £90,510, which is a reduction of £23,240. The utilities contribution (calculated to be £8,570) brings the overall contribution to STBF Guildhall to £99,080.

Market Manager

The role of Market Manager has been integrated into the new Assets Officer role, so this budget is no longer required.

Quay Conveniences and Visitor Information Centre Income Streams

I have forecast that STC will only collect fees for the Quay Conveniences shower facility and not collect fees for the toilet facilities at the Quay. An estimated £100 income budget has been included for this.

The forecast income for souvenir sales is low this year, and therefore the budget has been reduced to £500. It is hoped that prior to next spring there will be scope to improve how the souvenirs are displayed, in order to generate more interest in these.

Recommendations:

- **That the Members consider if there are any other changes required to the Draft Budget.**
- **The Finance and General Purposes Committee meet in December to further discuss and approve 2024/25 budgets.**
- **That if budgets cannot be approved in December, that a meeting is scheduled for mid-January to approve 2024/25 budgets prior to the Precept demand deadline.**

Report to Councillors and Members of: F&GP Committee**Meeting scheduled for 20th November 2023****Report from: Town Clerk****Date: 15th November 2023****Subject: Proposal to Outsource Payroll****Classification: General****Purpose of report:**

To consider the proposal to outsource payroll services for employees of STC and STBF for the Town Council.

Content:

The Town Clerk has sought three quotations for payroll service providers. The RFO currently undertakes payroll for all staff employed for STC and STBF. It is best practice for a local Council with over five employees to outsource payroll as it is onerous for an officer in terms of hours and there are other priorities that are continually drawing on the RFO expertise at Sandwich Town Council. It is estimated that the payroll process currently requires a fifth of the RFO monthly hours. There are two quotations included and attached to this report and one to follow before the meeting on Monday 20th November 2023.

DM Payroll Services

Payroll Services for up to ten employees paid monthly, including completing the I-Connect return for the Kent Local Government Pension Scheme is £432.00 per year plus a one off set up fee of £50.00.

The service includes:

- Processing the payroll
- Providing payslips and pay reports accessed via online portal, you will be given a secure log in
- Employees will have access to their own employee portal for payslips and P60s
- Completing the monthly online RTI submission to HMRC
- Dealing with leavers and new starters
- Calculating any statutory payments
- Completing year end P60s
- A software produced pensions report will be available to you.

The Council makes payments direct to employees, HMRC and pension provider in accordance with the payroll reports.

DCK Payroll Solutions

Please see appendix 1.

The Town Clerk recommends that the payroll processing is outsourced to enable improved efficiencies within the team.

Recommendations:

Members are invited to support the proposal to outsource payroll services for employees of STC and STBF and recommend to Council.

PAYROLL SERVICES FEE LIST

Fees effective 1st April 2023



Client Set Up

One off implementation fee (new tax year start only)	£25.00
One off implementation fee all other times	£50.00

Employee Set Up

One off implementation fee per employee (start of tax year)	£7.50
One off implementation fee per employee (during tax year)	£15.00

Payroll Services Provision

Monthly	Includes standard payroll & FPS Submission	
	1- 4 Employees	£30.00
	Each additional employee	£7.00
Bi-Monthly	Includes standard payroll, FPS & EPS Submission	
	1- 4 Employees	£34.00
	Each additional employee	£7.00
Quarterly	Includes standard payroll, FPS & two EPS Submissions	
	1 - 4 Employees	£38.00
	Each additional employee	£7.00
Annually/Bi-Weekly	Please call to discuss your requirements	POA
Tax Year End	Includes issuing of P60's, Year End Reports & Final Submission Charged as a standard payroll fee	

Additional Charges & Optional Services

Masterfile changes (new starter/leaver)	£7.00 per person
Payroll Re-run - maximum charge	50% of payroll fee
Dealing with HMRC on client's behalf & by agreement	£50.00 per hour
Additional salary, holiday pay calculations, uplifts, AEO's etc	£50.00 per hour
Other ad-hoc work as requested	£50.00 per hour
i-Connect Submissions	£50.00 per hour
My ePay Window (payslips, P45s, P60s, documents)	.30p per individual send
Employer Portal	Free
Paying of staff salaries up to 20 employees	£25.00 per month minimum charge*
Paying of staff salaries 20+ employees	£1.00 per additional payment
Set up/close down PAYE scheme	£50.00 per hour
Workplace Pension set up/adjustment	£50.00 per hour

All fees effective 01st April 2023. Prices subject to VAT at Standard Rate

Payroll Reports

Payslips, Month End Summary including gross and net pay also amounts due to HMRC
Pension reports, P6s, Student loan stop/start notices if applicable
Further reports for example, payroll analysis per employee, departmental reports are available on request

Exit Fees

Three months notice of cancellation of services required. Exit fees are applied based on payroll size, frequency, data transfer requirements and if process involves scheme closure.

* Initial set up of payments /bank detail changes may take longer and so would attract an additional time charge

CHARGES (PER MONTH)

The quotation below is based on information provided to us at this stage regarding your payroll requirement.

Standard Month: 10 Employees

1-4 Employees	£30.00
Each additional employee	£7.00 each
Employer Portal Unlimited document uploads/downloads	FREE
Total Basic Monthly Fee	£72.00

2023-2024

2023-2024

ADD ON SERVICES + CHARGES PER MONTH

The fees below are for additional services you may choose to add on to your basic Standard Service and are completely optional. They can also be added on/removed without incurring an admin fee.

My ePayslips	30p per person
LGPS/i-Connect submissions	£25.00
Salaries Payment Facility (can include LGPS & HMRC)	£25.00
Time Charge	£50.00 per hour. Applied only when complex/involved/time consuming calculations/works are required

2023-2024

ONE OFF SET UP FEES

One off fees are applied when setting you up on our payroll system, registering with HMRC as your authorised agent and doing a full check on year to date information if applicable.

Client set up	£50.00
Employee & Cllr set-up	£15.00 per person

DISCOUNT APPLIED : MANAGER

Client set up	Now £25.00
Employee set-up	NOW £7.50 per person

Please note the reduced set-up fees are offered on the basis that the payroll account is in order & full and correct information will be provided to us in an organised & timely manner. CTAE0/DEA's etc may be additional. All fees are subject to VAT at standard rate.

Report to Councillors and Members of: F&GP Committee

Meeting scheduled for 20th November 2023

Report from: Town Clerk

Date: 15th November 2023

Subject: Internal Audit Interim Report

Classification: General

Purpose of report:

To share the interim Internal Auditor report with Members and request that it is noted.

Content:

The RFO and Town Clerk facilitated the interim period audit visit recently on 10th November 2023 from Mulberry & Co. It was a through interim audit that covered governance and the accounts using samples where appropriate to cover the entire year to date. Members are requested to note the report and the four audit points that are explained on page 12 with detailed audit findings. These points will form actions that will be covered with a report to Council if required.

Recommendations:

Members are invited to note the interim Internal Auditor report from Mulberry and Co; the report will be an Agenda item for Council on 27th November 2023.



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Our Ref: MARK/SAN004

Mrs K Palmer
Sandwich Town Council
The Guildhall
Sandwich
Kent
CT13 9AH

10 November 2023

Dear Karen

Re: Sandwich Town Council
Internal Audit Year Ended 31 March 2024 – Interim Audit report

Executive summary

Following completion of our interim internal audit on 10 November 2023 we enclose our report for your kind attention and presentation to the council. The audit was conducted in accordance with current practices and guidelines and testing was risk based. Whilst we have not tested all transactions, our samples have where appropriate covered the entire year to date.

Our report is presented in the same order as the assertions on the internal auditor report within the published AGAR. The start of each section details the nature of the assertion to be verified. Testing requirements follow those detailed in the audit plan previously sent to the council, a copy of this is available on request. The report concludes with an opinion as to whether each assertion has been met or not at the interim audit. Where appropriate **recommendations for action are shown in bold text and are summarised in the table at the end of the report.**

Our sample testing did not uncover any errors or misstatements that require reporting to the external auditor at this time, nor did we identify any significant weaknesses in the internal controls such that public money would be put at risk.

It is clear the council takes governance, policies and procedures seriously and I am pleased to report that overall, the systems and procedures you have in place are fit for purpose and whilst my report may contain recommendations to change these are not indicative of any significant failings, but rather are pointers to improving upon an already well-ordered system.

It is therefore our opinion that the systems and internal procedures at Sandwich Town Council are well established and followed.

Regulation

The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. In addition to this, a smaller authority is required by Regulation 5(1) of the Accounts and Audit Regulations 2015 to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

Internal auditing is an independent, objective assurance activity designed to improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The purpose of internal audit is to review and report to the authority on whether its systems of financial and other internal controls over its activities and operating procedures are effective.

Internal audit's function is to test and report to the authority on whether its specific system of internal control is adequate and working satisfactorily. The internal audit reports should therefore be made available to all Members to support and inform them when they considering the authority's approval of the annual governance statement.

Independence and competence

Your audit was conducted by Andy Beams of Mulberry & Co, who has over 30 years' experience in the financial sector with the last 13 years specialising in local government.

Your auditor is independent from the management of the financial controls and procedures of the council and has no conflicts of interest with the audit client, nor do they provide any management or financial assistance to the client.

Engagement Letter

An engagement letter was previously issued to the council covering the 2023/24 internal audit assignment. Copies of this document are available on request.

Planning and inherent risk assessment

The scope and plan of works including fee structure was issued to the council under separate cover. Copies of this document are available on request. In summary, our work will address each of the internal control objectives as stated on the Annual Internal Audit Report of the AGAR. As part of the inherent risk assessment, we have concluded that:

- There have been no reported instances of breaches of regulations in the past
- The client uses an industry approved financial reporting package
- The client regularly carries out reconciliations and documents these
- There is regular reporting to council
- The management team are experienced and informed
- Records are neatly maintained and referenced
- The client is aware of current regulations and practices
- There has been no instance of high staff turnover

It is our opinion that the inherent risk of error or misstatement is low, and the controls of the council can be relied upon and as such substantive testing of individual transactions is not required. Testing to be carried out will be "walk through testing" on sample data to encompass the period of the council year under review.

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A. BOOKS OF ACCOUNT

Internal audit requirement

Appropriate accounting records have been properly kept throughout the financial year.

Audit findings

This is the first internal audit conducted by Mulberry & Co, having recently been appointed by the council. I note the previous year's internal audit report was a summary of findings, and as the council will note we take a more comprehensive approach in assessing compliance with the audit requirements and wider governance standards.

The interim audit was conducted on site with the council's Responsible Financial Officer (RFO). The RFO had prepared the requested information advised in advance of the visit, and overall, I have the impression that accounting records are neatly maintained and easily accessible. Other information was reviewed through discussion with the RFO and a review of the council website www.sandwichtowncouncil.gov.uk

The council continues to use Excel for recording the council's finances. This is unusual for a council of this size, and the RFO informed me that the council are again considering an accounting package, which is likely to be more suitable for a council of this size. The accounting information is updated regularly and used to produce management information reports for review at council meetings.

A review of the website shows that minutes and agendas are logically structured and decision making is easy to identify.

B. FINANCIAL REGULATIONS, GOVERNANCE AND PAYMENTS

Internal audit requirement

This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.

Audit findings

Check the publication and minuting of the prior year audited AGAR and notice of conclusion of audit

The External Auditor's Report was not qualified, although the External Auditor commented under other matters 'There is no evidence that the Council formally considered the 2021/22 external audit report and the audited AGAR. The Council answered yes to the relevant assertion in the 2022/23 Annual Governance Statement, indicating that it has considered matters brought to its attention. In future, the Council should ensure that the audited AGAR including the complete external audit report is discussed at the first available meeting after its issue.'

This has been published on the council website along with the Notice of Conclusion of Audit and was reported to the council meeting held in October 2023.

I note the council reviewed the effectiveness of its systems of internal control and the internal auditor's report at the meeting held on 26 June 2023 (minute ref STC06.23.12(iv)).

Confirm by sample testing that councillors sign statutory office forms

I confirmed by sample testing that councillors sign "Acceptance of Office" forms. The council website provides a link to Dover District Council's website where the individual councillor's Register of Members' Interests forms are published.

Confirm that the council is compliant with the relevant transparency code

As the council's income and expenditure exceeds £25,000, it is not a statutory requirement to follow the requirements of the Local Government Transparency Code, although it is recommended best practice to do so. I note within the 'finance' tab of the council website, relevant transparency information is published.

Confirm that the council is compliant with GDPR

The council is fully aware of GDPR and has undergone training. It was noted the council has established common email addresses for all councillors. This is recommended because it gives a natural segregation between work and personal lives, making it clear beyond doubt in what capacity a councillor is acting. In addition to this it gives control to the council, adds a degree of professionalism and in the event of a FOI request limits access to personal computers.

The Joint Panel on Accountability and Governance (JPAG) Practitioner's Guide (March 2023) contains updated guidance on the matter as below:

The importance of secure email systems and GOV.UK

- 5.205. All authorities except parish meetings must now have an official website. To comply with GDPR, councils should provide official email accounts for their councillors as well as for their clerk and other officers.*
- 5.206. When choosing a domain name for the council's website and emails, many local council websites are appropriately making use of the official GOV.UK domain (for example, ourparishcouncil.gov.uk), with email addresses being linked to that domain.*
- 5.207. Using a GOV.UK domain for your council website and email accounts demonstrates the council's official local government status. Members of the public are increasingly cyber security awareness, so a GOV.UK domain can also help to build trust, and credibility and visibly demonstrates authenticity. Many people will now reasonably expect a local council to have a GOV.UK domain name.*
- 5.208. For the purposes of user management, councils should ensure that the proper officer can add and remove member and staff email accounts. Commercial 'dashboard' email and web systems offer centralised searching of all data contained within the system for effective compliance with GDPR Subject Access Requests and Freedom of Information Requests.*

The council has a Privacy Notice and Accessibility Statement on the home page of its website, and it is clear the council has made every effort to comply with the website requirements.

Confirm that the council meets regularly throughout the year

In addition to full council, the council has committees for Planning, Finance & General Purposes and Heritage & Townscape, with a Monks Wall sub-committee. Terms of reference for each committee are currently being debated by council and I encourage these to be published on the council website once approved. Future meeting dates and historic agendas and minutes for council and committee meetings are published on the council website.

Check that agendas for meetings are published giving 3 clear days' notice

I was able to confirm that at least 3 clear days' notice is given on agendas. Whilst we have not tested every single committee and council meeting there was no evidence of non-compliance in giving three clear days' notice of the meeting.

I note that the agendas include supporting documentation as appendices in accordance with the requirements of the Information Commissioner's Office.

Check the draft minutes of the last meeting(s) are on the council's website

Draft minutes are uploaded to the council website and clearly annotated as draft.

Confirm that the Parish Council's Standing Orders have been reviewed within the last 12 months

The Standing Orders are based on the current NALC model, although the ordering and numbering of items is different from the current NALC model. The council adopted the current version at the meeting held on 11 May 2023 (minute ref ATCM.05.23.15) and a Working Party was formed to complete a full review as soon as practicable after 26 June 2023.

Confirm that the Parish Council has adopted and recently reviewed Financial Regulations

Financial Regulations are based on the current NALC model and were last reviewed and adopted by council at the meeting held on 11 May 2023 (minute ref ATCM.05.23.15) and a Working Party was formed to complete a full review as soon as practicable after 26 June 2023. The regulations contain provisions for the approval of spending, setting of budgets, reconciliation of the bank and reporting to council.

Check that the council's Financial Regulations are being routinely followed

The council has thresholds in place at which authorisations to spend must be obtained as below:

FR 3.1. Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by:

- the Council for all items over £250 (£1,000 emergency); or*
- the Town Clerk, in conjunction with Chair of Council or Chair of the appropriate committee, for any items below £250 (£1,000 emergency).*

Such authority is to be evidenced by a minute.

Contracts may not be disaggregated to avoid controls imposed by these regulations.

FR 3.2. No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the Council. During the budget year and with the approval of Council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate ('virement').

FR 3.6. In cases of extreme risk to the delivery of Council services, the Town Clerk may authorise revenue expenditure on behalf of the Council which in the relevant officer's judgement it is necessary to carry out. Such expenditure includes repair, replacement or other work, whether or not there is any budgetary provision for the expenditure, subject to a limit of £1,000. The relevant officer shall report such action to the chair as soon as possible and to the Council as soon as practicable thereafter.

I note an appendix to the Financial Regulations provides a higher level of delegated authority to the Clerk (either £1,000 or £2,000) in certain circumstances. **Based on the level of financial activity of the council, I suggest the provisions within FR 3.1 are overly restrictive and encourage the council to consider increasing the Clerk authorisation threshold as part of the review of the Financial Regulations.**

I tested a sample of invoices and found these had been approved in accordance with the thresholds contained within the Financial Regulations, and approval, where needed, recorded in the minutes of meetings. Invoice details match the published payment lists available on the council website.

Confirm all section 137 expenditure meets the guidelines and does not exceed the annual per elector limit of £9.93 per elector
The council confirmed it met the eligibility criteria and adopted the General Power of Competence (GPC) at the meeting held on 11 May 2023 (minute ref ATCM.05.23.19) and the section 137 thresholds do not apply.

Check receipt of VAT refund matches last submitted VAT return

The council submits its VAT return annually. I reviewed the submission for the period 1 April 2022 to 28 February 2023 inclusive which showed a refund amount due of £20,668.20. I was able to confirm receipt of this amount to the council's bank account on 13 March 2023. The council is up to date with its VAT submissions. The council may wish to consider increasing the frequency of the VAT returns of the total refund amount is in the region of £20,000 to mitigate any cashflow issues.

Confirm that checks of the accounts are made by a councillor

The system noted above details internal review takes place and I am under no doubt that council properly approves expenditure.

C. RISK MANAGEMENT AND INSURANCE

Internal audit requirement

This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

Audit findings

The council has a financial risk assessment and management scheme risk which was most recently reviewed and approved by council on 26 June 2023 (minute ref STC06.23.12(v)). I reviewed the risk assessment, which details the types of risk identified, the risk level and potential impact, the management controls in place and any review actions required. level, records action taken and how the risk is managed. The assessment includes all the risks typically associated with a council of this size and demonstrates that the council takes its risk management responsibilities seriously.

I confirmed that the council has a valid insurance policy in place with Zurich Insurance in a long-term agreement expiring on 1 April 2024. The policy includes Public Liability cover of £15 million, Employers Liability cover of £10 million each and a Fidelity Guarantee of £5 million which is sufficient for a council of this size. The listed asset cover appears appropriate based on the items recorded on the council's asset register.

D. BUDGET, PRECEPT AND RESERVES

Internal audit requirement

The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

Audit findings

The council set a precept of £278,539 for 2023/24. With a tax base of 2,048.7, this equates to a band D equivalent of £135.96 (compared to the average in England of £79.35).

The RFO confirmed that the 2024/25 budget setting process is underway, with draft budgets due to be reviewed at the Finance & General Purposes Committee meeting on 20 November 2023 before going to the council meeting a week later. There are further scheduled committee and council meetings in December and January to consider any amendments and approve the final budget and precept prior to the statutory deadline.

I note the extract below from the Finance & General Purposes Committee meeting held on 18 September 2023 (minute ref FG09.23.7)

Priorities for F&GP Committee for 2023/2024

Cllr C Wiles presented a report with recommended actions for prioritising for F&GP Committee in 2023/2024. A debate followed with the following ideas/actions identified:

- *Future meetings to include detailed accounts with summaries to Council.*
- *Lease for the Guildhall to be reviewed.*
- *Form Working Group to analyse future finances and ownership/management of assets.*
- *To agree timelines for projects with priorities identified at the next meeting in October.*
- *To form work streams with 1 or 2 individuals taking ownership of projects*

A report to be shared with STBF for the October meeting. It was moved by Cllr P Carter and seconded by Cllr J Franklin and RESOLVED: that the priorities were noted; a Working Group to be formed and include Cllr P Breen, Cllr D Carter, Cllr E Csuka, Cllr N Gray and Cllr C Wiles with RFO and Town Clerk as co-optees. The Working Group to work with agreed TOR and the focus to be a thorough analysis of the Council and STBF finances.

Adopting an approach as suggested above, with detailed analysis of financial reports by the Finance & General Purposes Committee and summaries to council meetings will ensure councillors are kept informed as the council's overall financial position and allow informed financial decisions to be made.

The council holds circa £283,000 in earmarked reserves, split between Monks Wall Nature Reserve (£59,358), IT (£10,500), Highways Improvement Plan (£4,359) and Drill Hall (£2,140). In addition, the council carried forward a general reserve balance at the start of the year of £122,300.

The Joint Panel on Accountability and Governance (JPAG) Practitioner's guide states '*the generally accepted recommendation with regard to the appropriate minimum level of a smaller authority's general reserve is that this should be maintained at between three and twelve months of net revenue expenditure*' (para 5.33).

The general reserve balance is within the recommended range.

E. INCOME

Internal audit requirement

Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.

Audit findings

I was able to confirm receipt of both parts of the precept and that the total amount received the figure held on the central register. The council also receives income from a range of other sources. A review of the fees and charges levied is due to be conducted at either the November or December 2023 meetings.

A review of the accounting records shows that income appears to be recorded with sufficient narrative detail to identify the source and allocated to the most appropriate budget code.

F. PETTY CASH

Internal audit requirement

Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for.

Audit findings

The council maintains a small petty cash float used for incidental expenditure. The amount is inconsequential to the overall financial position of the council. The RFO was able to provide evidence of receipts being obtained for items being reimbursed through petty cash, and I am in no doubt that the council has sufficient safeguards in place for the management of petty cash.

G. PAYROLL

Internal audit requirement

Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.

Audit findings

Payroll is currently processed in house using SAGE, although the RFO informed me the council have obtained three quotations and are considering outsourcing payroll to a third party. I reviewed the payslips and payroll summaries provided for the interim audit and was able to confirm that deduction amounts appear correct.

I remind the council that only salary, HMRC and pension payments should be included in box 4 on the Annual Governance and Accountability Return (AGAR) and any other staff costs should be recorded in box 6.

There are no councillor allowances.

H. ASSETS AND INVESTMENTS

Internal audit requirement

Asset and investments registers were complete and accurate and properly maintained.

Audit findings

The council has a fixed asset register in place which includes details of each asset, its cost and valuation method. Assets are correctly listed at cost/proxy cost, or where gifted/donated, given a nominal £1 value for the purpose of the asset register. The council has determined that items valued under £500 (excluding property and land assets) will be excluded from the asset register, which is an appropriate level for a council of this size.

I note there are two items listed with 'nil' value. Items on the asset register must have a value (to be classed as an asset) and if these should be listed at the nominal £1 value if no financial transaction took place during their acquisition.

The council has two Public Works Loan Board (PWLB) loan which were taken out to purchase the Drill Hall building and to refurbish the forecourt. A check of the year-end loan balance and in year capital and interest repayments will be completed as part of the final internal audit.

The council has no long-term investments.

I. BANK AND CASH

Internal audit requirement

Periodic and year-end bank account reconciliations were properly carried out.

Audit findings

Adopted Financial Regulation 1.18 states *'The Chair shall verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the Council.'*

I reviewed the reconciliations presented for the interim audit and was able to confirm the balances to the bank statements and found no errors.

I noted that the reconciliation and bank statement have not been signed in accordance with the Financial Regulations, and I will need to see evidence of this practice being reintroduced at the final internal audit to allow for a positive sign-off for this internal control objective.

I note the council retains all funds within a single bank account with Nat West. The Financial Services Compensation Scheme (FSCS) offers protection to local authorities where their annual budgets are less than €500,000 (approximately £437,000 as of 10 November 2023), whereby a balance of up to £85,000 is fully protected in the event of the financial provider 'going bust'.

The council should determine whether it qualifies for the FSCS protection and consider alternate providers to maximise the protection available to it. In the event the council budget exceeds the threshold, the council, may still wish to consider opening an account(s) with alternate providers to minimise the risk associated with having all funds in one place.

J. YEAR END ACCOUNTS

Internal audit requirement

Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.

Audit findings

Testing to be conducted at final audit.

K. LIMITED ASSURANCE REVIEW**Internal audit requirement**

If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2022/23 AGAR tick "not covered")

Audit findings

The council did not certify itself exempt in 2022/23 due to exceeding the income and expenditure limits and this test does not apply.

L: PUBLICATION OF INFORMATION**Internal audit requirement**

The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation

Audit findings

Testing to be conducted at final audit.

M: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS**Internal audit requirement**

The authority has demonstrated that during summer 2022 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.

Audit findings

Inspection – key dates	2022/23 Actual
Date AGAR signed by council	26 June 2023
Date inspection notice issued	29 June 2023
Inspection period begins	30 June 2023
Inspection period ends	10 August 2023
Correct length (30 working days)	Yes
Common period included (first 10 working days of July)	Yes

I am satisfied the requirements of this control objective were met for 2022/23, and assertion 4 on the Annual Governance Statement can therefore be signed off by the council.

N: PUBLICATION REQUIREMENTS

Internal audit requirement

The authority has complied with the publication requirements for 2022/23. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website / webpage.

Before 1 July 2023 authorities must publish:

- *Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited*
- *Section 1 - Annual Governance Statement 2022/23, approved and signed, page 4*
- *Section 2 - Accounting Statements 2022/23, approved and signed, page 5*

Not later than 30 September 2023 authorities must publish:

- *Notice of conclusion of audit*
- *Section 3 - External Auditor Report and Certificate*
- *Sections 1 and 2 of AGAR including any amendments as a result of the limited assurance review.*

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.

Audit findings

I was able to confirm that the Notice of Public Rights is published on the council website along with the Notice of Conclusion of audit and External Auditor Report and I was able to confirm that the publication requirements for 2022/23 have been met.

O. TRUSTEESHIP

Internal audit requirement

Trust funds (including charitable) – The council met its responsibilities as a trustee.

Audit findings

The council is the trustee of Sandwich Toll Bridge Fund (charity number 266738). I reviewed the information available on the Charity Commission website and was able to confirm that all reporting is up to date and that the council is correctly listed as the sole trustee. The charity account show an independent examination of the charity accounts has taken place, and the council has therefore met its responsibilities as a trustee.

Achievement of control assertions at interim audit date

Based on the tests conducted during the interim audit, our conclusions on the achievement of the internal control objectives are summarised in the table below. A further review and update of this opinion will be conducted at the final audit.

	INTERNAL CONTROL OBJECTIVE	YES	NO	NOT COVERED
A	Appropriate accounting records have been properly kept throughout the financial year	√		
B	This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for	√		
C	This authority assesses the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these	√		
D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	√		
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for	√		
F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for	√		
G	Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	√		
H	Asset and investments registers were complete and accurate and properly maintained.	√		
I	Periodic bank account reconciliations were properly carried out during the year.		√	
J	Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	To be tested at final audit		
K	If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2022/23 AGAR tick "not covered")</i>			√
L	The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation	To be tested at final audit		
M	The authority, during the previous year (2022-23) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations <i>(evidenced by the notice published on the website and/or authority approved minutes confirming the dates set)</i> .	√		
N	The authority has complied with the publication requirements for 2022/23 AGAR.	√		
O	Trust funds (including charitable) – The council met its responsibilities as a trustee.	√		

Should you have any queries please do not hesitate to contact me.

Your final audit date has been booked for Monday 13 May 2024 at 9am at the Town Hall.

Yours sincerely



Andy Beams
For Mulberry & Co

Interim Audit - Points Carried Forward

Audit Point	Audit Findings	Council comments
B. FINANCIAL REGULATIONS, GOVERNANCE AND PAYMENTS	Based on the level of financial activity of the council, I suggest the provisions within FR 3.1 are overly restrictive and encourage the council to consider increasing the Clerk authorisation threshold as part of the review of the Financial Regulations.	
H. ASSETS AND INVESTMENTS	I note there are two items listed with 'nil' value. Items on the asset register must have a value (to be classed as an asset) and if these should be listed at the nominal £1 value if no financial transaction took place during their acquisition.	
I. BANK AND CASH	I noted that the reconciliation and bank statement have not been signed in accordance with the Financial Regulations, and I will need to see evidence of this practice being reintroduced at the final internal audit to allow for a positive sign-off for this internal control objective.	
I. BANK AND CASH	The council should determine whether it qualifies for the FSCS protection and consider alternate providers to maximise the protection available to it. In the event the council budget exceeds the threshold, the council, may still wish to consider opening an account(s) with alternate providers to minimise the risk associated with having all funds in one place.	