

<p>Risk Assessment</p> <p>HIGH 0</p> <p>MEDIUM 4</p> <p>LOW 12</p>	<p style="text-align: center;">Hawkhurst Parish Council</p> <p style="text-align: center;">INTERNAL AUDIT 2019-2020</p> <p style="text-align: center;">AUDIT PLAN WITH COMMENTS / FINDINGS</p> <p>I am pleased to report to Members of the Hawkhurst Parish Council (the “Council”), that I have completed my annual internal audit of the Council’s records for the twelve-month period to 31 March 2020, following my audit was done remotely over several days commencing on 16-17 April 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, Mr Richard Griffiths and the RFO Ms Anita Maxwell for their assistance given to me during my audit visit.</p>	
Area	Item	<p style="text-align: center;">Comments / Findings</p> <p style="text-align: center;">Annual Audit 16-17 April 2020 Remotely</p>
Previous Audits	<ul style="list-style-type: none"> • Date of last External Audit Certificate or Exemption Certificate • Comments if any • Publication on website. • Date of last Internal Audit Comments if any • Review of any items outstanding from previous internal / external audit reports. 	<p>PKF Littlejohn signed off the AGAR on 19 Sept 2019 The outcome of the External Audit was NOT considered by full Council. Therefore, in theory the Annual Governance Statement Assertion 7 “We took appropriate action on all matters raised in reports from internal and external audit” should be answered “NO”.</p> <p>Other matter – did not make proper provision for the exercise of Public Rights during 2019-20, hence a “NO” has to be recorded in Assertion 4 in the Annual Governance Statement for 2019-20 AGAR.</p> <p>Published on the website under Finance.</p> <p>29 May 2019 The Council considered my Report 10 June 2019 Min 10.6.19 “Cllr Escombe introduced the item, it was agreed that SAP Committee would follow up any actions. Cllr Taylor-Smith proposed and Cllr Escombe seconded and the report which was approved unanimously.” I could not see that the Report was considered by the SAP Committee.</p> <p>Success of launch of the new website, policy reviews and an annual review of Risk Assessments by the Council.</p>

Minutes	<ul style="list-style-type: none"> • Scan of the minutes of the Council's meetings and the Finance Committee. • Localism Act 2011 • General Power of Competence ? • Dispensations • S.40 LA&A Act 2014 filming/recording 	<p>Scanned minutes as published on the website. There needs to be a regular check on the website content as some of the links for Minutes do not work.</p> <p>New Committee structure from May 2019 Facility and Services (FAS), Strategy, Administration and Projects (SAP) and Community Centre Working Group.</p> <p>We reviewed the Committee structure. In my mind the Fete Committee should be an Independent Community Group separate from the Council, as they already function as an independent group and would relieve Council staff of having to administer the finances of the Fete. This suggestion would free up the Fete organisers to manage the Fete without the bureaucracy and allow the Fete to apply for a Hawkhurst Community Award Grant.</p>
Code of Conduct/ Acceptance of Office	<ul style="list-style-type: none"> • Date adopted • Any changes in elected/co-opted members since last Audit ? • DPI's complete • DPI's on website or weblink • New Governance Compliance • NEXT ELECTION ? 	<p>There is a full compliment of 13 Councillors, the last to be appointed was Cllr Blake co-opted on 8 July 2019 Min 4</p> <p>DPI's via a link to the TWBC website – 12 Cllrs listed, most have been co-opted to the Council since the last Election in May 2016. Cllr Blakes DPI has not been registered on the TWBC website, the Clerk will chase this up.</p> <p>May 2020 – now deferred to May 2021</p>
Standing Orders and Financial Regulations	<ul style="list-style-type: none"> • Have they been formally adopted and applied? • Have any changes been made since they were adopted or the last audit? • Have any changes been formally adopted by the Council? • Updated re New NALC Models SO's 2018, Fin Regs 2019 ? • Two signature rule still in place? 	<p>SO's reviewed May 2019, next review schedule for May 2020</p> <p>Fin Regs adopted May 2019 Both SO's and Fin Regs are on the Council's website under the Policies & Regulations section (good practice)</p> <p>Covid 19 delegation arrangements considered by Council 9 Mar 2020 (Min 7.5) and approved management arrangements during the lockdown period with delegated financial decisions up to £1,000 (Min 7.5 d). Well done for getting this sorted out in time.</p> <p>Yes</p> <p>Yes</p>

<p>Risk Management</p>	<ul style="list-style-type: none"> • Risk Assessments – Are they: <ul style="list-style-type: none"> ○ Carried out regularly? ○ Adequate? ○ Reported in the minutes? ○ ANNUAL REVIEW ? • Insurance cover – is it: <ul style="list-style-type: none"> ○ Appropriate/Adequate? ○ LTA in place? ○ Reviewed regularly? ○ Fidelity Guarantee Cover £ (Balances + ½ Precept) • Internal controls – are they: <ul style="list-style-type: none"> ○ Documented? ○ Adequate? ○ Reviewed regularly? ○ Statement of Internal Control (SIC)? • Systems and Procedures – are they: <ul style="list-style-type: none"> ○ Documented? ○ Adequate? ○ Followed? ○ Reviewed regularly? 	<p>Risk Assessments for Copt Hall, Sports Pavilion and Office had been drafted and checked by the Facilities & Services Committee (FAS), adopted by Council - 10 Feb 2020 Min 7.4)</p> <p>The Annual Review of Risk Assessments should cover all the risks, including the financial, legal and physical risks.</p> <p>Insurance cover provided by Zurich Municipal who won a 3-year LTA in March 2019 running to 31 March 2022.</p> <p>The Parish Office is covered by insurance via Broomhill Management Co Ltd. (Aon using an Aviva property insurance policy). The Council's interest is NOT shown on the Policy. Post Audit Note: Clerk to pursue this matter with the landlord and/or broker.</p> <p>£300,000</p> <p>The Council has a Policies & Regulations webpage with a wide range of regulations and policies & strategies listed. Cemetery and Allotment rules and regulations Community Grant Awards policy and application form (NB revised Community Awards policy approved by Council – 9 Sept 2019 Min 9.1) GDPR</p> <p>Other policies & strategies include Hawkhurst Parish Council Five strategy 2019-2024 Active Hawkhurst Policy 2020 Investment Strategy 2020 Reserves Policy March 2019 Communications Policy 2019</p>
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<p>Budgetary Controls</p>	<ul style="list-style-type: none"> • Is the annual budgeting process reported and approved by the Council? <ul style="list-style-type: none"> ○ Budget/Precept amounts minuted? • Is the actual performance against the budgets reported to the Council during the year <ul style="list-style-type: none"> ○ Compare with Fin Regs? • Are significant variances explained in sufficient detail? 	<p>Budget Monitoring Reports are listed under the Finance Reports section of the website (good practice). These are considered by Council eg Half-year to 30 Sept 2019 – Council 14 Oct 2019 Min 9.4. which had detailed explanations for income/expenditure variations to date and forecast to year-end.</p> <p>Budget /Precept for 2020-21</p> <p>Budget progress report considered by Council 9 Dec 2019 Min 8.2 Tax Base for 2020-21 increased by 92.13 to 2,081.90. The Draft Budget was £192,634 with a Precept Requirement of £159,966, subject to the Planning Legal Project where Council were provided with various options ranging from no Legal project (an increase of 2.4%) to an additional £30,000 (21.6%). The proposal approved was for an additional £30,000 to be called a “Community Fund”.</p> <p>2020-21 Budget and Precept Request approved Council 13 Jan 2020 Min 7.1) NB There were NO figures provided in the Published Minutes simply a reference to an Appendix to the report discussed. The approved Budget was £222,634 and the Precept £189,966 a 27% increase. The Clerk did advise that an appendix was attached to the Minutes. There are no Minutes available on the website for Jan to March 2020.</p> <p>The 2020-21 Budget is on the Council’s website.</p>
<p>Section 137 expenditure</p> <p>£8.12 FOR 2019-20 (£7.86 FOR 2018-19)</p>	<ul style="list-style-type: none"> • What is the cash limit for the year? • Is a separate account/analysis kept? • Has the cash limit been exceeded? • Have the spending powers been properly used and Minuted? 	<p>Council approved an increase in the Budget for S137 grants in 2019-20 to £5,000 an increase of £3,500 funded from a virement from the CCTV Budget. Council - 8 July 2019 Min 8.4.</p> <p>Total spend in 2019-20 reported as £2,794</p>
<p>Book-keeping</p>	<ul style="list-style-type: none"> • Cashbook - is it: <ul style="list-style-type: none"> ○ Fit for purpose? ○ Up to date? ○ Arithmetically correct? ○ Balanced regularly? 	<p>Scribe accounts with extracts to Excel spreadsheet</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>

<p>Petty Cash</p>	<ul style="list-style-type: none"> • Has the amount of petty cash float been agreed? • Are all petty cash entries recorded? • Are payments made from petty cash fully supported by receipts / VAT invoices? • Are petty cash reimbursements signed for? • Is petty cash reimbursement carried out regularly? • Is petty cash balance independently checked regularly 	<p>No petty cash float held.</p>
<p>Payroll</p>	<ul style="list-style-type: none"> • Who is on the payroll and are contracts of employment in place? • Who is the RFO? • Have there been any changes to the establishment during the year? • Have there been any changes to individual contracts during the year? • Have new appointments and changes to contracts been approved and minuted? • Do salaries paid agree with those approved by the Council? • Have any ad-hoc payments or benefits been appropriately approved? • Have PAYE/NIC requirements been properly applied and accounted for? • Payroll outsourced? • WORKPLACE PENSION IN PLACE 	<p>Parish Clerk – Mr R Griffiths (was 30hrs pw NOW increased to 37hrs pw) RFO – Ms A Maxwell (20hrs pw) External Caretaker – Mr P Hazell (was 15 hrs pw NOW 37 hrs pw) Cleaner Copt Hall & Sports Pavilion – Ms S Morley (13hs pw) (currently furloughed)</p> <p>Parish Councillor Basic Allowance 2019-20 = £330pa (Council 9 Dec 2019 Min 8.9) (NB only payable to an “elected” Cllr, not a “co-opted Cllr)</p> <p>Outsourced to Beechcroft Accountancy Services (Jackie Pudney)</p> <p>Peoples Pension – Clerk , RFO and Internal Caretaker NB Decision to pay off the LGPS fund deficit – Council 9 Sept 2019 Min 9.2. Cost included in Staff costs Box 4</p>

<p>Payments</p>	<ul style="list-style-type: none"> • Are all payments recorded and supported by appropriate documentation? • Are payments minuted? • Review of DD's and SO's ? • STAFF costs definition for inclusion in Box 4 for 2019-20, check parity for 2018-19 ? Currently includes salary, tax, NIC & Pension (employee & ers) + taxable benefits (home working allowance, broadband & phone allowance etc NOT incl. • Has VAT been identified, recorded and reclaimed? • Are items above a de minimus amount purchased competitively? • Have internal control procedures been adhered to? • Contracts: <ul style="list-style-type: none"> ○ What contracts exist? ○ Compliance with SO's ○ Have any new contracts or contract variations/extensions been awarded in the year? ○ Procedures adopted for letting of contracts ○ Have contract payments been made in accordance with the contract document? 	<p>Payments go through an internal check procedure utilising a rubber stamp system, the RFO checks the invoice eg assigns a cost code and requires the two cheque signatories to initial. Council receives monthly schedules to approve along with payments to date figures, which are subsequently posted to the website.</p> <p>Standing Finance item on the agenda includes the schedule of payments to be approved and listing of payments approved at the previous meeting and bank reconciliation. (good practice) List of monthly payments are separately listed under the Finance Reports section of the website.</p> <p>Most utility bills are paid via DD's or SO's, payroll is by bank transfer, Pension payments via DD</p> <p>The Scribe accounting package complies with the staff cost definition.</p> <p>VAT reclaimed on a quarterly basis. 1 Jan to 31 March 2019 - £2,636 claimed 16 Oct 2019 1 April to 30 June 2019 - £2,300 1 July to 30 Sept 2019 - £4,102 1 Oct to 31 Dec 2019 - £5,022 1 Jan to 31 Mar 2020 - £2,419 claimed in the 2020-21 financial year</p> <p>Mr P Henshaw – Project Manager for Hawkhurst Community Centre (Council 9 Sept 2019 Min 15.1) Feria Urban – as NDP consultants (Council 9 Sept 2019 Min 15.2) Street Scape – MUGA construction (Council 11 Nov 2019 Min 7.1) List of sub-contractors to the Community Centre Project (Council 9 Dec 2019 Min 8.3) Opus – street lighting electricity (Council 9 Dec 2019 Min 8.4) Commercial Services Ltd – Grounds Mtce. Contract BT – broadband service Collectmywaste – commercial waste contractor</p>
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<p>Receipts</p>	<ul style="list-style-type: none"> • Are all receipts recorded correctly? • Are all receipts promptly banked? • Precept, CTSG and Sect 136 payments • Are internal controls of cash adequate? • Are invoicing arrangements adequate? 	<p>Review of Fees & Charges – Council 8 July 2019 Minute 8.1 covered allotments, cemeteries, halls and sports pitches. The actual minute does NOT confirm the implementation date of the increases, which it should.</p> <p>Refund of Business rates paid on the Parish Office - £7,151 Council 12 Aug 2019 no minute added as a Footnote.</p> <p>Precept for 2019-20 = £149,265</p> <p>Fees & Charges and the details of the facilities are posted on the website</p>										
<p>Bank reconciliation & PWLB Loans</p>	<ul style="list-style-type: none"> • What current/deposit accounts exist? • FSCS aware and compliant? • Are bank reconciliations regularly carried out for each account? • Level of Balances to Precept ratio • Are the cheque counterfoils, paying-in books and bank statements adequately referenced? • When was the last review of the banking arrangements? • Internet Banking/Corporate Card ? • Signature review (Two signatures required?) • Any PWLB loans ? 	<p>Bank balances as at 31 March 2020 were –</p> <table border="0"> <tr> <td>Lloyds current a/c (0508) -</td> <td style="text-align: right;">£10,000</td> </tr> <tr> <td>Lloyds Access Res a/c (7860) -</td> <td style="text-align: right;">£120,299</td> </tr> <tr> <td>Cambridge & Counties Bank a/c (7060) -</td> <td style="text-align: right;">£86,787</td> </tr> <tr> <td>Cambridge Bu Soc a/c (4610) -</td> <td style="text-align: right;">£75,528</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">£292,614</td> </tr> </table> <p>There small sums of unrepresented cheques and unbanked receipts to adjust the year-end balance to £292,551 (Statement of Accounts - Box 8)</p> <p>The Investment Strategy was reviewed in January 2020 with the three keys principles, security, liquidity and lastly yield driving the risk adverse strategy.</p> <p>There are numerous re-imbursments of expenses to staff and Councillors who have presumably used their own debit/credit cards. This is NOT recommended practise and I strongly recommend the Council approve a “credit card” facility via Lloyds Bank to avoid this issue in the future. The “corporate card” would be in the name of the RFO (perhaps a second card in the name of the Clerk) and spend limits applied. An automatic bank transfer to clear the monthly balance on the credit card account will avoid any interest charges. Spend on the card would be reported to Council in the normal way as if it was a payment of an invoice.</p> <p>I understand the bank mandates and signatory list is being reviewed currently.</p> <p>No loans</p>	Lloyds current a/c (0508) -	£10,000	Lloyds Access Res a/c (7860) -	£120,299	Cambridge & Counties Bank a/c (7060) -	£86,787	Cambridge Bu Soc a/c (4610) -	£75,528	TOTAL	£292,614
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<p>Assets and Asset Register (AR)</p>	<ul style="list-style-type: none"> • Are all the material assets owned by the Council recorded in an AR ? • Is the AR up to date? • Basis of Asset Values? • Are investments recorded? • Are the valuations regularly reviewed? • Does the AR show the insurance values ? • Digital Photographic evidence? • Is there a separate Inventory List of low value items (e.g. below the insurance excess levels) ? 	<p>Asset Register for 2018-19 approved as part of the AGAR in June 2019 (Min 7.3) is listed under the Finance Reports section of the website – value then was £256,880.</p> <p>The new Strategy, Administration and Projects Committee (SAP) recommended to Council that the Asset Register required some assets to be re-valued for Insurance purposes. The Clerk had obtained a quote for the specialist valuation service from Barret Corp Harrington to value the three main buildings, 3 garages, Lych Gates and shed at the cemetery. Council – 8 July 2019 Min 9iii)</p> <p>NB these insurance valuations are NOT used for the purposes of the Asset Register, which is based on the original purchase price (where known) or a suitable “proxy value”. The Asset Register values are not subject to any form of revaluation and remains static for the life of the Asset.</p> <p>The new assets purchased in 2019-20 included a zip-wire, a fire-proof safe, a strimmer and leaf blower and a few office items. In total the value was £12,620, the new AGAR value as at 31 March 2020 = £269,500.</p> <p>The Clerk is proposing to up date the digital photo catalogue by the end of June 2020 to match the Asset Register as at 31 March 2020.</p>
<p>Year-end procedures Inc. AGAR</p>	<ul style="list-style-type: none"> • Does the AGAR Statement of Accounts agree with the cashbook? • Is there an audit trail from the financial records to the accounts? • Have debtors and creditors been properly recorded? • Date of approval of AGAR & Certificate of Exemption if applied • PROOF of public rights provision during summer 2019 & website– AIAR ICO L • New governance compliance regime - refer to new Practitioners’ Guide 2019 	<p>Accounting records were checked against the figures to be used in the AGAR Statement of Accounts for 2019-20, including the Bank Reconciliation.</p> <p>Council – 10 June 2019 Min 7.3</p> <p>Date of Announcement – 17 June 2019 This MUST be at least 1 day before the start of the inspection period hence “Other Matter” comment by PKF Littlejohn.</p> <p>Public Inspection period – 17 June to 26 July</p> <p>Evidence – As mentioned in the PKF Littlejohn Report the Council unfortunately failed to comply with the Public Rights provision, hence there will be a “No” answer against ICO L</p> <p>NB This is a common problem for many of my clients this year. Although the issue is mainly the inability to provide evidence that the Public Notice and unaudited AGAR had been posted to the website at least 1 day before the commencement of the Inspection Period. The Clerk and RFO will need to make sure there is evidence of the posting in 2020 and future years.</p>

<p>Additional tests – (as necessary)</p>	<ul style="list-style-type: none"> • Computer systems: <ul style="list-style-type: none"> ○ The procedures for the backing up of computerised records ○ Council owned PC/laptop ? ○ Email security ○ Encryption of data? • Record keeping and the arrangements in place to store previous year's accounts etc. • Annual review of the effectiveness of Internal Audit inc. Appointment of IIA • Annual Statement of Internal Control • Website host and Webmaster • Website functionality & accessibility NALC L09-18 • TRANSPARENCY CODE compliant ? • Post GDPR (25 May 2018) <ul style="list-style-type: none"> ○ Privacy Notice ○ Cllr email addresses? ○ Email disclaimer ○ Other matters 	<p>Microshade Business Solutions Ltd - host the website, which also includes the back-up of Council files including the Scribe accounting system. The service includes Microsoft Office applications, anti-virus systems and provides staff access to the files from their homes, crucial during this time of lockdown.</p> <p>The new www.Hawkhurst-pc.gov.uk website went live in June 2019. The Clerk is regarded as the webmaster. The website unfortunately is limited to viewing one webpage at a time restricting its functionality of an otherwise informative website.</p> <p>The Accessibility Regulations 2018 require existing websites to be compliant with the "Regs 2018" by September 2020. I have not noticed any discussion about this matter within the Minutes of the Council or Committees during 2019-20.</p> <p>A good Privacy Policy accessible via the website link on the bottom of the webpages viewed. The Policy includes reference to the Council's DPO (Paul Russell).</p> <p>Last year I report that Cllrs would be getting dedicated email addresses once the new website was launched BUT I see from the website that this has not happened. Post Audit note: The Clerk advised that there has been difficulties with the "host service", which has been recently changed and from 15 May 2020 "parish council email addresses are in use, although the website has not been updated to reflect this change.</p>
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