

<p>Risk Assessment</p> <p>HIGH 0</p> <p>MEDIUM 0</p> <p>LOW 16</p>	<p style="text-align: center;">Hawkhurst Parish Council</p> <p style="text-align: center;">INTERNAL AUDIT 2020-2021</p> <p style="text-align: center;">AUDIT PLAN WITH COMMENTS / FINDINGS</p> <p>I am pleased to report to Members of the Hawkhurst Parish Council (the “Council”), that I have completed my year-end internal audit of the Council’s records for the twelve month period to 31 March 2021, following my virtual audit visit and subsequent conversations on 15 April 2021.</p> <p>Councillors should be aware that my work cannot be relied upon to identify the occasional omission or insignificant error, nor do I actively seek evidence of breaches of trust or statute, neglect or fraud, which may have taken place. It is the responsibility of the Councillors of the Council to guard against such events, but if during my audit testing such events are discovered I am duty bound to disclose such events to the Council.</p> <p>I would like to take this opportunity to thank the Clerk Mr Richard Griffiths and RFO, Ms Anita Maxwell for their assistance given to me during my audit visit.</p>	
<p style="text-align: center;">Area</p>	<p style="text-align: center;">Item</p>	<p style="text-align: center;">Comments / Findings</p> <p style="text-align: center;">Year-end Audit 31 March 2021</p>
<p>Previous Audits</p>	<ul style="list-style-type: none"> ● Date of last External Audit Certificate or Exemption Certificate for 2019-20 ● Comments if any ● Publication on website. ● Date of last Internal Audit ● Comments if any ● Review of any items outstanding from previous internal / external audit reports. 	<p>PKF Littlejohn signed off the 2019-20 AGAR on 19 Nov 2020. There was one “except for” matter relating to accounting for “refunds to the Council”, which had been treated as income instead of being netted off against the original expenditure. The Council had also provided PKF with an explanation for non-compliance relating to Box 7 on the Governance Statement, which was acknowledged in their External Audit Report, which was considered by the Council at its Meeting 14 Dec 2020 Min 7.1</p> <p>Council considered the Internal audit Findings 13 July 2020 Min 7.1</p>
<p>Minutes</p>	<ul style="list-style-type: none"> ● Scan of the minutes of the Council’s meetings and the Finance Committee. ● Virtual Meetings ? ● General Power of Competence (GPC) ? ● Dispensations ● S.40 LA&A Act 2014 filming/recording 	<p>Minutes scanned</p> <p>The Council quickly arranged meetings to be conducted virtually via a “Zoom” link, the first Council Meeting conducted this way was held on 14 April 2020. Minute 7.1 approved the “Remote Meeting Protocol” and Minute 7.3 considered and approved the actions & decisions taken under “Delegated Powers”.</p> <p>The AGM held on 17 May 2021 was held as a “face to face“ meeting at the KGV Sports Pavilion with the Public encouraged to use the “Zoom link” to attend the Meeting.</p>

<p>Code of Conduct/ Acceptance of Office</p>	<ul style="list-style-type: none"> • Date adopted • Any changes in elected/co-opted members since last Audit ? • DPI's complete • DPI's on website or weblink • New Governance Compliance • NEXT ELECTION ? 	<p>13 Cllrs were in post at the start of the year – April 2020. Sadly, the only change in Cllrs during the year was the death of Cllr Jones.</p> <p>DPI's via a link to the TWBC website – The DPI's displayed relate to the Cllrs in place pre May 2021 Elections the Clerk has and is continuing to chase this up to display the post-election position.</p> <p>May 2020 Election deferred to 6th May 2021 – 11 nominations received for 13 seats = Uncontested Election</p>
<p>Standing Orders and Financial Regulations</p>	<ul style="list-style-type: none"> • Have they been formally adopted and applied? • Have any changes been made since they were adopted or the last audit? • Have any changes been formally adopted by the Council? • Virtual Meetings / Delegation to Clerk/RFO re Covid -19 ? • Updated re New NALC Models SO's 2018, Fin Regs 2019 ? • Two signature rule still in place? 	<p>Standing Orders were reviewed by Council on 12 Oct 2020 Min 7.1 & 9 Nov 2020 Min 7.4, includes a “virtual meeting protocol” as Appendix A</p> <p>Financial Regulations reviewed and adopted by Council 19 April 2021</p> <p>Both documents are on the Council's website under the Policies & Regulations section.</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?

Inspected detailed risk assessments of the Copt Hall, King George V Hall, (24 Jan 2021), Cemetery (14 Nov 2019) UKA walkers & runners (8 July 2020) [I was advised by the Clerk that each user is asked to do a risk assessment on how they intend to use the hired facilities], Covid-19 risks re Playground areas (29 June 2020) The Covid-19 Emergency Community Plan (19 March 2020) is very impressive and timely. The Annual Review of Risk Assessments should cover all the risks, including the financial, legal and physical risks. **Post Audit Note:** A Corporate Risk Register June 2021 reviewed by Strategy, Administration & Projects Committee (SAP) 14 June 2021 with recommendations to Council.

Insurance cover provided by Zurich Municipal - a 3-year LTA running to 31 March 2022.

The Parish Office is covered by insurance via Broomhill Management Co Ltd. (Aon using an Aviva property insurance policy). There is reference to a tenant (the Council) within the policy documents. £250,000

Council 10 August 2020 Min 7.3 approved the Statement of Internal Control, which had been reviewed by the SAP Comm. for 2020-21.

Various Policies and Regulations were reviewed/adopted during 2020-21 and are on the Council's website, examples being Complaints Procedure (Nov 2020), Walking & Cycling Policy (July 2020) and Metal Detecting Policy (Jan 2021)

<p>Budgetary Controls</p>	<ul style="list-style-type: none"> • Is the annual budgeting process reported and approved by the Council? <ul style="list-style-type: none"> ○ Budget/Precept amounts minuted? • Is the actual performance against the budgets reported to the Council during the year <ul style="list-style-type: none"> ○ Compare with Fin Regs? • Are significant variances explained in sufficient detail? • Covid-19 implications ? 	<p>The RFO provides quarterly monitoring reports to Council (eg 1st Qtr to 30 June 2020 – 13 July 2020 Min 9.1, 2nd Qtr to 30 Sept 2020 - 9 Nov 2020 Min 7.6)</p> <p>The Budget & Precept discussions for 2021-22 were very detailed with conflicting goals of raising funds to move the Community Centre and the Cemetery Restoration Projects forward and included detailed calculations of Precept/Band D Tax options and comparisons to neighbouring “local councils”. Council 14 Dec 2020 detailed Min 7.5 approved a provisional Precept of £232,475 with the formal approval by Council in January 2021. Council 11 Jan 2021 Min 7.1 ratified the Precept proposal of £232,475 a 25.3% (£23.08pa) increase for a Band D property.</p>
<p>Section 137 expenditure</p> <p>£8.32 FOR 2020-21 (£8.12 FOR 2019-20)</p>	<ul style="list-style-type: none"> • What is the cash limit for the year? • Is a separate account/analysis kept? • Has the cash limit been exceeded? • Have the spending powers been properly used and Minuted? 	<p>Total payments in 2020-21 = £4,684 including payments to the Royal British legion</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. The system has recently migrated to an on-line system.</p> <p>Yes Yes Yes Yes</p> <p>Each year the Deputy Clerk & RFO has a lot of work to do to close the accounts not helped with the Charity transactions to exclude for the AGAR completion. I would strongly recommend that the RFO books some support from Scribe during the next year 2021-22, to ensure maximum benefit is obtained from the new online version of the accounting system.</p>

<p>Petty Cash</p>	<ul style="list-style-type: none"> • Has the amount of petty cash float been agreed? • Are all petty cash entries recorded? • Are payments made from petty cash fully supported by receipts / VAT invoices? • Are petty cash reimbursements signed for? • Date of last petty cash reimbursement ? • Is petty cash balance independently checked regularly 	<p>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? • Annual Appraisal in place ? • Have there been any changes to the establishment during the year? • Have there been any changes to individual contracts during the year? • Have new appointments and changes to contracts been approved and minuted? • Do salaries paid agree with those approved by the Council? • Have PAYE/NIC requirements been properly applied and accounted for? • Payroll outsourced? • WORKPLACE PENSION IN PLACE 	<p>Parish Clerk – Mr R Griffiths (37hrs pw) Deputy Clerk & RFO – Ms A Maxwell (20hrs pw) External Caretaker – Mr P Hazell (37 hrs pw) Cleaner Copt Hall & Sports Pavilion – Ms S Morley (13hs pw reduced to 5hrs pw from 23rd Sept 2020) . Ms Morley was furloughed for most of the year to 31 March 2021, HMRC furlough grant was received (£2,430).</p> <p>Parish Councillor Basic Allowance of £330pa was approved by Council 9 Dec 2019 -Min 8.9) (NB only payable to an “elected” Cllr, not a “co-opted Cllr.) One Cllr claimed this allowance in 2020-21.</p> <p>Detailed records of pension payments, PAYE and NI inspected (P30’s) and random sample of payslips checked. P60’s inspected</p> <p>Outsourced to Beechcroft Accountancy Services (Jackie Pudney), which included the calculation of furlough payments during 2020-21. Details of any overtime etc to be paid provided by the RFO each month as required.</p> <p>Peoples Pension – Clerk , RFO and Internal Caretaker</p>

<p>Payments</p>	<ul style="list-style-type: none"> • Are all payments recorded and supported by appropriate documentation? • Are payments minuted? • Review of DD's and SO's ? • STAFF costs definition for inclusion in Box 4 for 2020-21, check parity for 2019-20 ? Currently includes salary, tax, NIC & Pension (employee & ers) + taxable benefits (home working allowance, broadband & phone allowance etc NOT incl. • Has VAT been identified, recorded and reclaimed? • Have internal control procedures been adhered to? • Contracts: <ul style="list-style-type: none"> ○ What contracts exist? ○ Compliance with SO's ○ Have any new contracts or contract variations/extensions been awarded in the year? ○ Procedures adopted for letting of contracts ○ Have contract payments been made in accordance with the contract document? 	<p>During the year there was significant expenditure on legal fees related to a challenge to a TWBC traffic survey, although the case was lost TWBC are now required to consider the cumulative effect of traffic influencing all future planning applications. Professional fees related to the design brief to planning application stage for the new Community Centre Project.</p> <p>Payments schedules provided to Cllrs prior to Meetings and approved for payment as appropriate, the schedules also include payments made by DD/SO and Credit Card since the last meeting.</p> <p>Payments made via Lloyds Debit Cards issued to the Clerk & Deputy Clerk/RFO commenced in November 2020</p> <p>Staff expenses/allowances within Scribe need to be excluded from the staff cost centre</p> <p>The Council engaged Elysian Associates to advise on the VAT position of the Council and the way forward in terms of the new Community Centre Project. Recommendation was to "register for VAT" becoming effective from 1st Sept 2020. Council 10 Aug 2020 Min 7.2</p> <p>VAT claims submitted during 2020-21 totalled £28,975 - Period 1 Jan to 31 Mar 2020 - £2,419 recd 17 Sept 2020 Period 1 April to 30 June 2020 - £5,411 recd 25 Feb 2021 Period 1 July to 31 Aug 2020 - £15,090 recd 12 Jan 2021 Period 1 Sept to 31 Dec 2020 - £6,055 recd 29 Mar 2021 Period 1 Jan to 31 Mar 2021 - £5,182 to claim in 2021-22</p> <p>There have been various specialists/consultants appointed to assist with the preliminary design/costing of the proposed Community Centre Project and associated works.</p> <p>Opus – street lighting electricity Streetlights Ltd – streetlight mtce. Commercial Services Ltd – Grounds Mtce. Contract BT – broadband service Collectmywaste – commercial waste contractor Grenkeleasing – photocopier rental Microshade – website hosting, back-up support CPS Office Supplies - stationery Richard Max & Co (solicitors) – legal support</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? • Covid-19 implications? 	<p>Precept 2020-21 - £189,966 Cemetery receipts £6,308</p> <p>Fees & Charges were reviewed with benchmarking information. Council agreed the Facility & Services (FAS) Comm recommendations for the fees to be effective from 1 Sept 2020 – 13 July 2020 Min 7.5</p> <p>Like many parish councils Hawkhurst has received Covid -19 grant support (3 x £10k from TWBC and Govt support for the Offices, Sports Hall and Copt Hall). Further sums of support via TWBC mounted to 2 x £10,193 for the Sports Hall and Copt Hall. But this is offset by lost revenue such as the rental stream from Kino Cinema who use the Victoria Hall. TWBC also provided an “enabling grant” of £2,765, which was passed onto HSCG to administer.</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 and if in place Financial Regs updated ? • Signature review (Two signatures required?) • Any PWLB loans ? 	<p>Bank balances as at 31 March 2021 were –</p> <table border="0"> <tr> <td>Lloyds (No. 1) current a/c (0508) -</td> <td style="text-align: right;">£10,316</td> </tr> <tr> <td>Lloyds (No. 2) Access Res a/c (7860) -</td> <td style="text-align: right;">£22,807</td> </tr> <tr> <td>Cambridge & Counties Bank a/c (7060) -</td> <td style="text-align: right;">£88,291</td> </tr> <tr> <td>Cambridge Bu Soc a/c (4610) -</td> <td style="text-align: right;"><u>£84,635</u></td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">£206,049</td> </tr> </table> <p>There small sums of unrepresented cheques and unbanked receipts to adjust the year-end balance to £195,268 (Statement of Accounts - Box 8)</p> <p>Lloyds Debit Cards – first used in Nov 2020.</p>	Lloyds (No. 1) current a/c (0508) -	£10,316	Lloyds (No. 2) Access Res a/c (7860) -	£22,807	Cambridge & Counties Bank a/c (7060) -	£88,291	Cambridge Bu Soc a/c (4610) -	<u>£84,635</u>	TOTAL	£206,049
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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>The Clerk updated me on the progress on the New Community Centre and outdoor facilities, which is nearly reached planning application stage.</p> <p>14 Apple 32gb Ipads - £3,646 2 Dell Vostro 3591 Laptops for Clerk & Deputy Clerk/RFO - £1,240 Muga – provide by Streetscape - £52,150.</p>
<p>Year-end procedures Inc. AGAR</p>	<ul style="list-style-type: none"> • Does the 2020-21 AGAR Statement of Accounts agree with the cashbook? • Is there an audit trail from the financial records to the accounts? • Have debtors and creditors been properly recorded? • Date of approval of 2019-20 AGAR & Certificate of Exemption if applied • PROOF of public rights provision during summer 2020 & website– AIAR ICO L • New governance compliance regime - refer to new Practitioners' Guide 2020 	<p>Accounting records were checked against the figures to be used in the AGAR Statement of Accounts for 2020-21, including the Bank Reconciliation.</p> <p>Council approved the 2019-20 AGAR on 13 July 2020 Min 7.1 & 7.1.3</p> <p>Date of Announcement – 22 July 2020 Public Inspection period – 23 July to 4 Sept 2020 Evidence – 2 July 2020 as per photo of screen shot provided by the RFO</p>

<p>Additional tests – (as necessary)</p>	<ul style="list-style-type: none"> • Computer systems: <ul style="list-style-type: none"> ○ The procedures for the backing up of computerised records ○ Council owned PC/laptop ? ○ Email security ○ Encryption of data? • Record keeping and the arrangements in place to store previous year's accounts etc. • Annual review of the effectiveness of Internal Audit inc. Appointment of IIA • Website host and Webmaster and any changes? • Website functionality & accessibility (23 Sept 2020 deadline) NALC L09-18 • TRANSPARENCY CODE compliant ? • Post GDPR (25 May 2018) <ul style="list-style-type: none"> ○ Privacy Notice ○ Cllr email addresses? ○ Email disclaimer ○ Other matters inc DPO arrangements 	<p>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 facilitating home-working. Extra-ord Council 20 July 2020 Min 13.1 discussed the current support contract from Microshade but felt the "support package" could be improved with specific focus on Microsoft 365 Office, google docs and email management, further research to be undertaken and in the meantime renew the Microshade contract for one year. The review was undertaken and stayed with Microshade.</p> <p>2 Laptops purchased for the Clerk & Deputy Clerk/RFO to enable secure remote working and GDPR compliance (approved by Extra-ord Council 20 July 2020 Min 13.1) Councillor IT proposal – Council 9 Nov 2020 Min 7.2 – to provide each Cllr with an Apple Ipad to use for Council business with support and back-up from IBABS based in Holland. Post Audit Note: IBABS working smoothly. JAMF (mobile Device Management) provide support to the new Apple Ipads issued by Cllrs to allow access to Ibabs /emails / scribe and to use for Meetings, remote or in person to reduce paper.</p> <p>Re-appointment of myself as the Independent Internal Auditor – Council 13 July 2020 Min 7.1.5</p> <p>Webtec Design – developers of the website www.hawkhurst-pc.gov.uk Domain Support Ltd – provider of the domain name licence</p> <p>Accessibility Audit – provided by All Able Ltd carried out in August/Sept 2020 UserWay.org accessibility widget in place providing an "accessibility menu" for visitors to the website should they require additional facilities to view the website content.</p> <p>Cllrs have generic email addresses – joe.bloggs@hawkhurst-pc.gov.uk The introduction of the Cllr Ipad will increase security and GDPR compliance.</p>
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