

# Hawkhurst Parish Council

## Internal Audit 2023.24

This document lists the findings of the year-end internal audit of Hawkhurst Parish Council for the year 2023/24. The audit took place on 23<sup>rd</sup> April 2024. I would like to thank Lisa and her team for their assistance in guiding me through the council's processes and procedures and for their assistance with the audit tests.

It is clear that 2023/24 has seen a significant improvement in the stewardship of the Council's finances and that stronger and more appropriate controls and reporting have been introduced during the year and that the majority of the recommendations and suggestions from the 22/23 Audit have either already been adopted or are in the process of being introduced.

The findings and opinion of this audit are limited to the documents and information that were reviewed during the audit. The purpose of the audit carried out is to provide assurance to Council that the Internal Controls requirements of AGAR are met and that there are no significant breaches of process or legal standards. The audit does not actively seek evidence of breaches of trust or statute, neglect or fraud, which may have taken place but if during the audit such events are discovered I am duty bound to disclose such events to the Council. No evidence was found of fraud or breach of trust.

The audit test areas and findings are tabulated below with the level of risk identified by the traffic light RAG Status. There are only two areas where risk has been identified as medium and this report makes the following recommendations:

1. Risk Management:

- 1.1. That this is reviewed at every Full Council Meeting as a standing item to ensure it is relevant and up to date, that new risks are captured and existing risks are monitored and to report on the delivery and effectiveness of mitigating / management actions.
- 1.2. To put in place a lower-level operational Risk Management process to help support the effective running and management of the Council operations and manage risk on a day-to-day basis.

2. Policies:

- 2.1. That the gap in current Council Policies is addressed as a matter of priority.

In summary it is my opinion that the shortcomings identified by the 2022/23 Audit have been adequately addressed, with the exception of Risk Management; the current practice of annual review cannot capture emerging risks and issue or inform the Council where management action may be required.

**Roger Taylor CGMA ACMA**  
**Popplett Taylor Consulting Ltd**

Item	Test	Comments / Findings	RAG Status	
Accounting Records	Personnel	<p>No new staff, Deputy Clerk (Tracey) has left, Parish Clerk left February 2024</p> <p>Locum RFO (been in place over a year)</p> <p>Admin Assistant (been in place over a year)</p> <p>Acting Clerk (Locum) to interview for permanent role on 29<sup>th</sup> April</p>		
	Accounting System	Scribe online, Auditor was given read and report access. Councillors have Read Access. Scribe is a relatively user-friendly system providing a range of useful reporting.		
	Regularity of Bookkeeping	<p>RFO 15 hrs / wk – Monthly Bank Reconciliations.</p> <p>Monthly I&amp;E Report to Councillors against budget with variance analysis on the report</p> <p>Clerk provides RFO cover.</p> <p>No longer have cash, facility still there but payments inward have moved over to bank transfer or cheque</p>		
	Document Management	All invoices are managed electronically with most invoices and receipts being received electronically. Approval for payment being recorded by email and Parish Clerk has authority up to £6,000 per week, within budget and subject to two signatories approving online. At each Council Meeting a full transaction list of payment is presented		
Compliance with Financial Regulations	Are the Fin Regs current and approved?	<p>Previous Internal Controls Document and Financial Regulations did not put in place strong enough controls, this was addressed in the 2023 re-writes by the Locum Clerk and adopted by Council. The revised documents follow the NALC model and all of the previously noted shortcomings have been addressed.</p> <p>In addition, the Standing Orders have been revised and the changes also adopted by Council</p>		
	Are Approval Limits applied consistently and is there evidence of this?	There is evidence of strict adherence to the Approval Limits within the revised Financial Regulations.		

	Separation of Duties / Approval by Council	<p>All online and cheque expenditure requires a separation of duties – two signatories on cheques and online bank (separate inputter).</p> <p>Council has removed the Debit Card Facility and has applied for a Corporate Credit Card – which will apply the limit if the Clerk’s delegated authority to purchases.</p> <p>Locum Parish Clerk is considering providing a pre-paid card to the Warden</p>	
	Purchasing / Procurement quotes / tenders over £5k	The Council no longer operates an Approved Supplier List and has reverted to individual procurement by obtaining quotes for new work / supply. Works / supply over £5k are subject to Council Approval (Committees £500 to £5k)	
	Non-Standard Purchases under £5k	<p>For purchases under £500, three quotes are obtained / sought and the appropriate provider is selected and appointed by the Clerk in concert with the Chair</p> <p>For purchase £500 to £5k, three quotes are obtained /sought the provider is selected and appointed by either the relevant committee or the Full Council</p>	
	General Adherence to Fin Regs not covered elsewhere	The revised Financial Regulations provide a stronger and more appropriate framework for financial governance and it is clear that they are embedded in the operating practices of the officers and members	
Risk Management	<p>Council Risk Management</p> <ol style="list-style-type: none"> <li>1. Documentation / Matrix</li> <li>2. Oversight by Council</li> <li>3. Regular Review</li> </ol>	<p>Corporate Risk Register in place, reviewed and updated annually. It scores risks and from conversation with Clerk it appears to be comprehensive. The risk with this approach is that in the intervening 12 months new risks may emerge and the profile of existing risks may change. Parish Clerk circulates the Risk Register with the Council Papers.</p> <p>Recommendation: that this is reviewed more regularly at every Full Council Meeting as a standing item to ensure it is relevant and up to date, that new risks are captured and existing risks are monitored and to report on the delivery and effectiveness of mitigating / management actions.</p>	
	<p>Financial Risk Management</p> <ol style="list-style-type: none"> <li>4. Documentation / Matrix</li> <li>5. Oversight by Council</li> <li>6. Regular Review</li> </ol>	<p>Nothing in place.</p> <p>Recommendation: to put in place a lower-level operational Risk Management process to help support the effective running and management of the Council operations and manage risk on a day to day basis</p>	

Budget Process	Annual Budget Approval	Full Council January Approval	
	How was the budget developed?	<p>Committees provide budget requirements to Full Council and impact on reserves and precept are considered and budget set.</p> <p>Councillors requested officers provide recommendations for standard admin / running costs but also for new / project budgets. Councillors were also asked to complete Budget Request forms for the new year's budget to advance any proposals that they had. This was combined into the Budget that was approved at January Council.</p>	
	Is the budget monitored & reported through the year?	A new process for monthly budget monitoring was introduced in August 2023 following the recommendations made at the previous audit. This process is now embedded and forms part of the Council Agenda, the monthly budget monitoring report is circulated with Council Papers 3 clear days in advance of the meetings and published on the website.	
Income	Collection & Recording	Use and receipt of cash has been phased out although the facility to receive cash is still available should it be required	
	VAT Accounting	This is a quarterly process and records up to Mar 24 have been submitted to HMRC. From October 24 the Council has de-registered to VAT126	
Petty Cash	Physical security of PC	No Petty Cash in operation	
	PC Vouchers correctly used	NA	
	Is the use of PC appropriate	NA	
Payroll	Payroll System	External Payroll provider (Beechcroft Accountancy) – the system tracks annual leave, manages pension and expenses. P60s for 23/24 have been provided.	

	Accuracy of payments (monthly check & approval)	Expenses, Overtime and Annual Leave information provided to Beechcroft monthly. All staff are salaried so very little variation other than starters and leavers.  There is still a minor issue in respect of Mileage Claims but this is being addressed by the Locum Parish Clerk	
	Reconciliation of Pay, Pension & HMRC monthly	Payroll Report from Beechcroft reconciles to the accounting transactions in Scribe	
	Timely returns and payments to Pension Co & HMRC	All handled by Beechcroft, no known issues in respect of timeliness or returns and reporting	
Fixed Assets	Fixed Asset Register	The Asset Register has been reviewed and updated with the grouping of low value items plus the inclusion of the Victoria Hall, which was previously not included due to a misunderstanding of its ownership status this has now been clarified and the property correctly included in the Register (adding c£1.3m to the value of the Register).  Physical check of assets completed by staff and members and all assets confirmed. A full revaluation of all assets was completed in year increasing the fair value of existing assets by c£900k.	
	Intangible / Investment Assets	None	
	Any Acquisitions / Disposals	Victoria Hall is an inclusion in the Asset Register but not an addition	
	Appropriately Managed / Maintained	No issues identified	
Bank Account(s)	What Bank Accounts are there?	Cambridge Building Society – Deposit Account – Reserves Cambridge and Counties Bank – Deposit Account – Reserves Lloyds Bank Account 1 – Using as a Current Account Lloyds Bank Account 2 – used as a sweep account  The Council also administers a Lloyds bank account for the Hawkhurst Community Trust (charity) as Trustees. This bank account is not included in the End of Year Financial Returns (AGAR), however it is maintained within Scribe. The Council are in the process of dissolving the charities and taking the management of the assets (KGV and Copt Hall) in-house.	

	Are there any other mechanisms – PayPal etc	None	
	Are all Accounts regularly reconciled?	Bank Accounts are reconciled monthly and reported to Council	
	Are balances reported to Council regularly (i.e. Current Financial Position)	Bank Reconciliations, I&E and Budget Monitoring are reported monthly	
Accounting Statements – in year	Regular Budget Monitoring / Financial Position Statements	Financial Reporting is a standing item on the Full Council Agenda and the information provided is now at a more detailed level with variance explanations to assist members in understanding the Council's financial performance and position.  All reports are uploaded to the website and available to all to view.	
	Do these reports measure performance against budget and offer variances and explanations?	Yes	
	Is there a Cllr that you liaise with iro In-Yr Finance?	The Chair but a Finance Committee has been formed.	
Exercise of Public Rights	Was the correct period observed for public scrutiny?	Yes	
	Did the period span the first 10 days in July?	Yes	
2022/23 AGAR	Has the Authority complied with the publication requirements?	Yes	
	How Regular are Full Council Meetings?	Monthly	

Council Meetings & Membership	How regular are Sub-Meetings (Finance, Planning, HR etc)?	There are four committees currently in place. Planning meets every three weeks, Finance meets quarterly and the other two less regularly.	
	Recording of Meetings	Minuted and available on the website	
	Is there an Authority Register / Sample Signatures with Approval Amounts?	Only the banking mandate forms, all approvals / authorisations are either minuted or online (i.e. bank transactions). No real requirement due to the structure around approvals and authorisation of payments being a mixture of electronic/online and via Full Council Meetings	
Policies	Are all the published Policies current? And is the list complete?	All available policies are up to date and published, however Locum Clerk has identified a number of policies that are required that do not currently exist, including Health & Safety Policy and Equality and Diversity Policy.  Recommendation: That the policies that are considered as being required are put in place as a matter of priority	
	What is the Review Cycle for Policies?	Annual - staggered	
	Who writes the Policies and is there liaison with Cllrs prior to them going for approval?	Locum Parish Clerk has re-written the existing policies and will be the author of future policy texts for approval at Council	
Website	Does the Website carry the necessary documents and information?	Yes, Agendas, Minutes and Policy Documents	
	Is the information on the Website current and up to date? Who manages it?	A new website has been developed and public feedback is positive. All information is up to date, maintained and managed by the Clerk and the platform is provided and maintained by Parish Council Websites	
	Accessibility	The Accessibility menu is very easy to access and use	
	Is it easy to navigate?	The new website is very clear and easy to navigate	

Other	Insurance	<p>Insurance in place with Zurich and to the relevant values, however the property element appears to contain inconsistencies. Locum is in the process of instructing an external provider to carry out a Reinstatement Cost Assessment for items on the Asset Register to inform the relevant insurance values.</p> <p>The current insurance has been extended 30 days to allow the Clerk to go to the market for quotes for 2024/25, two have been obtained and will be presented at Council on 29<sup>th</sup> April 2024 for their selection of appointment.</p>	
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Signed:



Roger Taylor CGMA ACMA (Popplett Taylor Consulting Ltd)

Dated:

25<sup>th</sup> April 2024