

**MINUTES OF THE MEETING OF THE  
FINANCE COMMITTEE  
HELD AT HARTLEY LIBRARY, ASH ROAD  
ON WEDNESDAY 22<sup>nd</sup> FEBRUARY 2023 AT 10.15 a.m.**

Present:

Cllr Larry Abraham  
Cllr Christopher Alford  
Cllr Jim Colwell  
Cllr Anne Oxtoby  
Cllr Brian Ramsay – *Chairman*  
Cllr Vincent Sewell

In attendance: Mrs H Boden - *Clerk*

**1. Apologies for absence**

There were no apologies for absence.

**2. Declarations of Interest**

There were no declarations of interest.

**3. Minutes**

Cllr Colwell commented that he had sent his apologies for the meeting held on 14<sup>th</sup> December 2022, but that this had not been recorded in the minutes.

RESOLVED: That,

the minutes of the meeting of the Finance Committee held on 14<sup>th</sup> December 2022, be approved and signed by the Chairman as a correct record, including the addition of Cllr Colwell's apologies under agenda item 1. Apologies for Absence.

**4. Review of Income and Expenditure**

The Committee reviewed a Council detail report from 1<sup>st</sup> April 2022 to 27<sup>th</sup> January 2023 and was satisfied that the Council's income and expenditure was in line with budgeted estimates.

RESOLVED: That,

the Council detail report setting out income and expenditure by budget heading as at 27<sup>th</sup> January 2023, be received and noted.

**5. Interim half year audit 2022-23**

The Committee examined the Internal Auditor's interim half year audit report for 2022 – 2023.

Members noted that no issues had been highlighted in the report:

The Committee agreed that it was very satisfied with the report.

RESOLVED: That,

the Interim Internal Audit Report for the year ended 31<sup>st</sup> March 2023, be received and noted;

## **6. Review of the effectiveness of the system of Internal Audit**

The Committee was advised of the findings of the review of the effectiveness of the system of internal audit, carried out by Cllrs Abraham, Ramsay and Ross on 25<sup>th</sup> January 2023.

RECOMMENDED: That,

the review of the effectiveness of the system of Internal Audit, asset out in Appendix 1 attached to these minutes, be approved.

## **7. Risk Management Review**

The Committee reviewed the Risk Management Policy Statement and Risk Management Strategy, approved by the Council on 14<sup>th</sup> March 2022.

RECOMMENDED: That,

the Risk Management Policy Statement and Risk Management Strategy, as set out in Appendix 2 attached to these minutes, be approved and adopted.

## **8. Financial Risk Assessment**

The Committee reviewed the Council's Financial Risk Assessment, approved by the Council on 14<sup>th</sup> March 2022.

The Clerk reported that under the section "Purchase Payments", reference to the Council's Barclaycard had been added.

RECOMMENDED: That,

the Financial Risk Assessment, as set out in Appendix 3 attached to these minutes, including the amendment, be approved and adopted.

## **9. Risk Register**

The Committee reviewed the Risk Register approved by the Council on 14<sup>th</sup> March 2022.

Members noted an additional risk control measure under the section "Information Data Management Compliance Risks", relating to Cyber Insurance.

RECOMMENDED: That, the Risk Register, as set out in Appendix 4 attached to these minutes, including the amendment, be approved and adopted.

## **10. Reserves**

(a) The Committee reviewed the Reserves Policy approved by the Council on 14<sup>th</sup> March 2022.

RECOMMENDED: That,

the Reserves Policy as set out in Appendix 5, attached to these minutes, be approved.

(b) The Committee reviewed the current reserves held by the Council.

The Committee noted that the General Reserves remained high, but that the proposed re-surfacing of the car park at Manor Field would substantially reduce them.

It was agreed that the Earmarked Reserve for the Platinum Jubilee, should be transferred back to the General Reserves.

RECOMMENDED: That,

- (1) the sum of £536.48 remaining in the EMR for the Platinum Jubilee, be transferred back in to the general reserves and,
- (2) the current reserves held by the Council be noted.

### **11. Statement of Internal Control**

The Committee reviewed the Statement of Internal Control approved by the Council on 14<sup>th</sup> March 2022.

Members noted that reference to the Council's Barclaycard had been added to pages 3 and 4, along with details of the appointment of a new External Auditor on page 3.

RECOMMENDED: That,

the Statement of Internal Control, as set out in Appendix 6, attached to these minutes, including the amendments, be approved and adopted.

### **12. Assets Register**

The Committee reviewed the Council's Assets Register.

RECOMMENDED: That,

the Council's register detailing land and property owned by the Council, schedule of assets, land leased by the Council and property held in Trust, as set out in Appendix 7, attached to these minutes, be approved.

### **13. Insurance**

The Committee reviewed the Council's insurance schedule as at 24<sup>th</sup> January 2023, to ensure the Council's assets were adequately insured.

RECOMMENDED; That,

the Council's insurance schedule forming part of the Council's policy as at 24<sup>th</sup> January 2023, be noted with no further amendment to the insured sums contained therein other than the annual index linked increases.

The Committee noted that the current long term agreement is due to expire in May 2023.

### **14. Subscriptions and Licences**

a) The Committee reviewed the Council's subscriptions and licences falling due to be paid annually.

The Clerk reported that following a review of Action with Communities in Rural Kent's (ACRK's) financial affairs, the trustees have decided that without major

additional funding support it is not possible for them to continue to operate, and so the charity is in the process of being wound up.

ACRE, the national organisation, is still in place and can be contacted with urgent queries.

RECOMMENDED: That,

the Council's subscriptions and licences falling due to be paid annually, as set out in Appendix 8 attached to these minutes, be approved.

b) The Committee had been requested to consider whether the Council should renew its subscription to "Log me in" for 2023/24.

Members agreed that the subscription to "Log me in", allowing the Clerk to work remotely from home should be continued and reviewed in a year's time.

RECOMMENDED: That,

the Parish Council's subscription to "Log me in" be continued for another year.

## **15. Review of Investments and Banking Arrangements**

The Committee reviewed the Council's investments and banking arrangements.

It was noted that page 2 of the report stated that the Council's two Barclaycards were kept in the office safe.

Members noted that only the Clerk's card was kept in the safe.

RECOMMENDED: That

the Council's investments and banking arrangements, as set out in Appendix 9 attached to these minutes, including the amendment, be approved and adopted.

## **16. Internal Auditor**

The Committee noted that David Buckett had been appointed as the Council's Internal Auditor for the accounting period 2022/23, but that it was unlikely that he would be continuing as an Internal Auditor after year end.

The Clerk reported that a list of independent Internal Auditors had been obtained from KALC and that quotations had been sought.

One Internal Auditor had responded that they were not taking on new clients and three had not responded.

RESOLVED: That,

alternative quotations be sought for the internal audit of the Council's accounts for the accounting periods 2022/23, 2023/24 and 2024/25, for consideration at the next meeting.

## **17. Local Government Pension Scheme**

(a) The Committee considered an email (and attachment), dated 1<sup>st</sup> December 2022, received from the Investments Team at KCC, regarding the employer contribution rates for 2023/24, 2024/25 and 2025/26.

Members noted that following the actuarial valuation undertaken in March 2022, the employer's pension contribution rate would remain at 20.7%.

RESOLVED: That,

the Kent County Council Pension Fund 2022 valuation employer results, be received and noted.

(b) The Committee considered an email (and attachments), dated 19<sup>th</sup> January 2023, received from the Head of Pensions and Treasury at KCC, seeking feedback/comments/questions on the Kent Pension Fund Draft Funding Strategy Statement, Contribution Review Policy and Deferred Debt Agreement Policy.

RESOLVED: That,

the Draft Funding Strategy Statement, Contribution Review Policy and Deferred Debt Agreement Policy Consultation, received from the Head of Pensions and Treasury at KCC, be received and noted.

## **18. Donations**

The Committee noted that a letter had been received from the Community Cupboard, thanking the Parish Council for its recent donation.

## **19. Banking**

The Clerk reported that in December 2022, a letter had been received from Barclays Bank, requesting information about the Parish Council, to enable them to meet their legal and regulatory requirements with the Financial Conduct Authority.

The Clerk reported that she had sent the required information on 30<sup>th</sup> December 2022, but was still receiving reminder letters stating that the Council's accounts may be closed if details aren't provided.

Members noted that the Clerk had submitted the required information by email on 7 occasions, but that no response had been received and the reminder letters continued to be sent.

Members noted that the Clerk had telephoned the number on the letter on at least 8 occasions, but had not been able to speak to anyone, only leave messages requesting a call back which had not occurred.

The Clerk reported that on 20<sup>th</sup> February 2023, she had telephoned Barclays Bank and lodged a complaint about the appalling service and requesting an assurance that the Council's accounts would not be closed.

The Committee noted that to date, no response had been received with regard to the complaint.

Members noted that the Clerk had been told that she would be contacted by the Complaints Team within 4 working days.

Cllr Oxtoby offered to deliver the required information direct to a branch of Barclays Bank, if no response is received following the complaint.

RESOLVED: That,

1) the Clerk's actions of lodging a complaint with Barclays Bank be confirmed;

2) should no response be received from Barclays Bank within 4 working days, Cllr Oxtoby's offer to deliver the information to a branch of Barclays Bank, be accepted;

3) the Clerk continue to endeavour to obtain confirmation that the required information has been received by Barclays Bank and that the Council's accounts will not be closed.

**20. Date of next meeting**

To be confirmed.

The meeting closed at 11.28 a.m.

Signed:.....

Date:.....

Chairman of the Finance Committee

**Hartley Parish Council**  
**Review of the effectiveness of the system of internal audit for the period 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023**

Date of review: 25<sup>th</sup> January 2023

Review undertaken by: Cllrs Abraham, Ramsay & Ross

Approved by Council: ###/###/##

**Meeting Standards Part 1**

<b>Expected Standard</b>	<b>Evidence of Achievement</b>	<b>Areas for development</b>
<p>1. Scope of internal audit</p>	<p>At the meeting of the Finance Committee held on 16<sup>th</sup> February 2022, it was noted that the Council’s internal auditor had been appointed for the accounting periods 2019/20, 2020/21 and 2021/22.</p> <p>It was agreed that quotations be sought for the internal audit of the Council’s accounts for the accounting periods 2022/23, 2023/24 and 2024/25, as the current auditor had indicated that he would not be continuing as an internal auditor after 2021/22.</p> <p>Mr Buckett, the Council’s Internal Auditor, subsequently agreed to continue in his post for the accounting period 2022/23</p> <p>Following the Year End Audit Report for 2021/22, conducted by Mr Bucket in April 2022, the Finance Committee examined the internal auditor’s audit plan. The reviewers were satisfied that the internal audit plan, still fulfilled all the requirements of the Accounts and Audit Regulations. (<i>Refer to internal audit plan</i>)</p> <p>The internal auditor is required to undertake two internal audits throughout each financial year, i.e. (1) for the period 1<sup>st</sup> April to 30<sup>th</sup> September (interim/half year audit) and for the period 1<sup>st</sup> April to 31<sup>st</sup> March (summary internal audit), and report findings, and where appropriate make recommendation, for consideration by the Responsible Financial Officer (RFO) and the Council.</p> <p>The summary and interim internal audits are completed in accordance with guidance issued by the Audit Commission Act 1998 and with regard to the current Accounts and Audit Regulations.</p>	<p>No further action required (final year of appointment 22/23) Quotations to be sought.        Satisfied with current arrangements. No further action required. Satisfied with current arrangements. No further action required.        Satisfied with current arrangements. No further action required.        Satisfied with current arrangements. No further action required.</p> <p>No further action required.</p> <p>Satisfied with current arrangements. No further action required. Satisfied with current arrangements. No further action required.</p>

**Hartley Parish Council**  
**Review of the effectiveness of the system of internal audit for the period 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023**

Date of review: 25<sup>th</sup> January 2023

Review undertaken by: Cllrs Abraham, Ramsay & Ross  
Approved by Council: ###/###/##

	<p>The summary internal audit report for 2021/22 was considered by the full Council at a meeting held on 9<sup>th</sup> May 2022.</p> <p>The interim internal audit report for 2022/23, was due to be carried out in November 2022, but had to be postponed until 25<sup>th</sup> January 2023.</p> <p>The interim internal audit for 2022/23 will be considered by the Finance Committee at its meeting to be held in February 2023.</p> <p>Any recommendations arising from the reports were/will be actioned, where necessary.</p> <p>The summary internal audit, to be undertaken by the internal auditor for the period 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023, will examine all the requirements contained on page 3 of the Annual Governance &amp; Accountability Return, based on an assessment of the Council's risks and include a selective assessment of compliance with relevant procedure and controls. On the basis of the findings in the areas examined, the internal auditor will be required to assess the objectives of internal control and summarise the audit conclusions.</p>	
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**Hartley Parish Council**  
**Review of the effectiveness of the system of internal audit for the period 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023**

Date of review: 25<sup>th</sup> January 2023

Review undertaken by: Cllrs Abraham, Ramsay & Ross

Approved by Council: ###/###/##

<p>2. Independence</p>	<p>The internal auditor is an independent consultant appointed by the Council and does not have any other role within the Council and is not related to any Member or Officer of the Council.</p> <p>The internal auditor has direct access to those charged with governance, i.e. the Responsible Financial Officer and elected members of the Hartley Parish Council.</p>	<p>Satisfied with current arrangements. No further action required.</p> <p>Satisfied with current arrangements. No further action required.</p>
<p>3. Competence</p>	<p>During the appointment process conducted in May 2011 the Finance Committee examined the background of the internal auditor. (<i>Refer to internal auditor's C.V.</i>) The continued appointment of the internal auditor in July 2016, February 2019 and March 2022, was considered appropriate.</p> <p>The Council found no evidence that the internal audit work has not been carried out ethically, with integrity and objectivity.</p>	<p>Satisfied with internal auditor's competency. No further action required.</p>
<p>4. Relationships</p>	<p>The Responsible Financial Officer (RFO) is advised of the outcome of the interim and summary internal audit before completion of the internal auditor's report. The RFO is given the opportunity to ask questions of the internal auditor and vice versa.</p> <p>All Members of the Council are aware of the requirements to review the effectiveness of the system of internal audit.</p> <p>Members of the Council conducting the review of the effectiveness of the system of internal audit fully understood the scope and requirements of the review and were provided with or had access to the following documentation before commencing the review:</p> <ol style="list-style-type: none"> <li>1. The review of the effectiveness of the system of internal audit for the period 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022 – review date 2<sup>nd</sup> February 2022.</li> </ol>	<p>Satisfied with current arrangements. No further action required.</p> <p>Satisfied with current arrangements. No further action required.</p> <p>Satisfied with current arrangements. No further action required.</p>

**Hartley Parish Council**  
**Review of the effectiveness of the system of internal audit for the period 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023**

Date of review: 25<sup>th</sup> January 2023

Review undertaken by: Cllrs Abraham, Ramsay & Ross  
 Approved by Council: ##/##/##

	<ol style="list-style-type: none"> <li>2. Extract from the Governance and Accountability for Local Councils – A Practitioners Guide (England) March 2022, pages 24-26.</li> <li>3. Advice note: Effectiveness of Internal Financial Control, January 2007, published by the Society of Local Council Clerks.</li> <li>4. Extract from SLCC website – Guidance on Internal Audit – Review of the effectiveness of the system of internal audit.</li> <li>5. Internal audit summary report 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022.</li> <li>6. Financial risk assessment approved by Hartley Parish Council 14<sup>th</sup> March 2022.</li> <li>7. Copy of the monthly internal checklist completed by a Member of the Council when signing the cheques/authorising the online banking payments after the monthly Council meetings.</li> <li>8. Financial Regulations approved by the Council on 11<sup>th</sup> November 2019, (as contained in Councillors' handbook).</li> </ol>	
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**Hartley Parish Council**

**Review of the effectiveness of the system of internal audit for the period 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023**

Date of review: 25<sup>th</sup> January 2023

Review undertaken by: Cllrs Abraham, Ramsay & Ross

Approved by Council: ###/###/##

<p>5. Audit Planning and reporting</p>	<p>The internal auditor works to the audit plan to examine and test each of the requirements set out on page 3 of the Annual Governance &amp; Accountability Return. The internal audit properly takes into account corporate risk. <i>(Refer to audit plan)</i></p> <p>The summary internal audit for the financial year 2022 - 23 will be undertaken in the Council offices in April 2023 and the summary internal report, including any recommendations, will be considered by the Finance Committee, when it becomes available, and actioned and adopted by the Council, where appropriate, in due course.</p>	<p>Satisfied with current arrangements. No further action required.</p> <p>Satisfied with current arrangements. No further action required.</p> <p>Satisfied with current arrangements. No further action required.</p>
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**Internal Audit Review Checklist – Part 1 – Meeting Standards**

Expected Standard	Evidence of Achievement	Yes or No	Areas for Development
<p>1. Scope of internal audit</p>	<p>(a) Terms of reference for internal audit were (re) approved by full council on <b>14/03/22</b>.</p> <p>(b) Internal audit work takes into account both the Council's risk assessment and wider internal control arrangements.</p> <p>(c) Internal audit work covers the Council's anti-fraud and corruption arrangements.</p>	<p>Yes</p>	
<p>2. Independence</p>	<p>(a) Internal Audit has direct access to those charged with governance (see Financial Regulations).</p> <p>(b) Reports are made in own name to management.</p> <p>(c) Internal audit does not have any other role within the Council.</p>	<p>Yes</p>	

**Hartley Parish Council**  
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Approved by Council: ###/###/##

<b>Expected Standard</b>	<b>Evidence of Achievement</b>	<b>Yes or No</b>	<b>Areas for Development</b>
3. Competence	There is no evidence of a failure to carry out internal audit work ethically, with integrity and objectivity.	Yes	
4. Relationships	(a) All responsible officers (Clerk & RFO) are consulted on the internal audit plan. (Evidence is on audit files). (b) Respective responsibilities for officers and internal audit are defined in relation to internal control, risk management and fraud corruption matters (job descriptions and engagement letter). (c) The responsibilities of council members are understood; training of members is carried out as necessary.	Yes	
5. Audit Planning and Reporting	(a) The annual internal audit plan properly takes account of all the risks facing the council and will be approved by the Council at its meeting to be held in February 2023.  (b) Internal audit will report in accordance with the plan on 25 <sup>th</sup> January 2023.	Yes	

**Internal Audit Review Checklist – Part 2 – Characteristics of Effectiveness**

<b>Characteristics of 'effectiveness'</b>	<b>Evidence of achievement</b>	<b>Yes or No</b>	<b>Areas for development.</b>

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Approved by Council: ###/###/##

<b>Characteristics of 'effectiveness'</b>	<b>Evidence of achievement</b>	<b>Yes or No</b>	<b>Areas for development.</b>
1. Internal audit work is planned	Planned internal audit work is based on risk assessment and designed to meet the council's needs.	Yes	
2. Understanding the whole organization, its needs and objectives	The annual audit plan demonstrates how audit work will provide assurance for the council's Annual Governance Statement.	Yes	
3. Be seen as a catalyst for change	Internal audit supports the Council's work in delivering improved services to the community.	Yes	
4. Add value and assist the organization in achieving its objectives	The council makes positive responses to internal audit's recommendations and follows up with action where this is called for.	Yes	
5. Be forward looking	(a) In formulating the annual audit plan, national agenda changes are considered.(b) Internal audit maintains awareness of new developments in the council's services, risk management and corporate governance arrangements.	Yes	
6. Be challenging	(a) Internal audit focuses on the risks facing the council.(b) Internal audit encourages officers/members to develop their own responses, rather than relying solely on audit recommendations.	Yes	
7. Ensure the right resources are available	(a) Adequate resource is made available for internal audit to complete its work.(b) Internal audit understands the council and	Yes	

**Hartley Parish Council**  
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Approved by Council: ##/##/##

<b>Characteristics of 'effectiveness'</b>	<b>Evidence of achievement</b>	<b>Yes or No</b>	<b>Areas for development.</b>
	the legal and corporate framework in which it operates.		

# **HARTLEY PARISH COUNCIL**

## **Risk Management Policy Statement**

Hartley Parish Council recognises it has responsibility to manage risks effectively in order to protect its employees, assets, liabilities and community against potential losses, to minimise uncertainty in achieving its goals and objectives and to maximise the opportunities to achieve its vision.

The council is aware that some risks can never be eliminated fully and it has in place a strategy that provides a structured, systematic and focused approach to managing and reducing risk.

Risk management is an integral part of the council's management process.

Adopted by full council: 9<sup>th</sup> March 2015

Reviewed: 22<sup>nd</sup> February 2023

## **Hartley Parish Council Risk Management Strategy**

### **Introduction**

This document forms the councils Risk Management Strategy and gives explanation on why the council needs the strategy, what the processes are, how it all feeds into the councils existing policies, roles and responsibilities and monitoring processes.

### **The key objectives of the strategy are:-**

- To develop risk management and integrate it into the culture of the organisation
- To take ownership and management of risk management and incorporate into decision making processes
- Reduce and manage risk in accordance with good practice

### **Risk Management explained.**

The audit commission states:’ ***Risk is the threat that an event or action will adversely affect an organisations ability to achieve its objectives and to successfully execute its strategies. Risk Management is the process by which risks are identified, evaluated and controlled. It is a key element of the framework of governance together with community focus; structures and processes, standards of conduct and service delivery arrangements’.***

Therefore it is important to recognise that risks are not only about Health & Safety but also apply to the councils work. Risks are often classified into various types but it is important to understand that for all categories the direct financial losses may have less impact than the indirect costs such as disruption to normal working activities. Examples below are not exhaustive but aides understanding.

#### **Strategic Risk: -**

long term adverse impacts from poor decision making or poor implementation which could impact on the council’s reputation or loss of public confidence.

#### **Compliance Risk: -**

Failure to be compliant with legislation, procedures or a failure to have sufficient documentation in order to prove compliance. The risk could be prosecution, employment tribunals and a possible inability to enforce contractual obligations.

#### **Financial Risk: -**

Fraud and corruption waste of public money, and public objection to accounts. The risk of additional audit investigation and potential increase to precept or undue impact on councils reserve funds.

#### **Operating Risk: -**

Inability to deliver services effectively. Equipment failure, hazards to service users, general public or staff, damage to property. The risk of insurance



claims and subsequent higher premiums and the potential for lengthy recovery processes.

### **Why does the council need a Risk Management Strategy?**

A Risk Management Strategy will enable the council to achieve its objectives and will enhance the services provided. It also ensures that councillors have an understanding of risk and that the council adopts a uniform approach to identifying and prioritising risks. This process should lead to better methods of dealing with risks by possible elimination, reduction, transfer or acceptance.

A robust strategy is a requirement under the Accounts and Audit (England) Regulations in addition to being an integral part of the Best Value aspirations and helps to demonstrate continuous service assessments and improvements.

### **Risk Management Policy Statement**

A Risk Management Policy Statement forms part of the councils general policy documents and is held as a separate paper from this strategy document.

### **Implementation of the strategy**

The strategy will set out how a process is adopted in order to:-

#### **Identify and implement risk: -**

by entering all risks identified onto the councils risk register

#### **Risk Analysis: -**

by analysing risks identified to see if there are recurring patterns or frequency. Should an unacceptable risk be identified then steps should be taken to control or respond to that risk.

#### **Risk Prioritisation: -**

An assessment of the risk should be undertaken and the impact and likelihood of the risk occurring should be graded high, medium, low.

#### **Risk Control**

is the process of taking action to minimise the likelihood of the risk event occurring and/or reducing the severity of the consequences should it occur. Typically risk control require the identification and implementation of revised operating procedures, but in exceptional cases more drastic action will be required to reduce the risk to an acceptable level.

There are several options for control and some of these are listed below:-

- Elimination
- Reduction
- Transfer
- Sharing
- Insuring
- Acceptance

The risk management process does not end with putting risk control procedures in place. The effectiveness in controlling risks should be regularly reviewed and importantly assessed whether the nature of the risk may have changed over time.

When risks are identified, the Clerk of the council will compile a list of these risks and will integrate them into the risk register. The risk management procedures will be carried out in such a way that it operates as part of a commitment to quality and continuous service improvement.

Any projects or service changes will include risks identification and the measures to eliminate or control risks will be documented in agenda reports/briefing papers to be considered by full council.

When the council enters into any partnership agreements, then the council will ensure that adequate risk identification procedures are adopted and that appropriate control mechanisms are built into the management arrangements for the partnership.

### **Roles and responsibilities**

It is important that risk management is imbedded into the everyday culture and performance management of the council. It is important that the management of the risk is located in the right place. The process must be driven from the top and involve all staff within the council.

#### **Elected Members: -**

risk management is part of the elected member's stewardship role and will also take into account

- Approving the strategy
- Analysis of risks on projects undertaken by the council
- Assessment of risks whilst setting budgets

#### **Employee(s) (Parish Clerk):-**

will act as lead Officer on risk management and be responsible for overseeing the implementation of the detail of the risk management Strategy. The clerk will maintain an awareness of the impact of risks in terms of cost and impact and feed such data into the formal process as well as working to control risks or threats within his/her job and detailed job description. The clerk as the Responsible Finance Officer will also ensure that all issues that have any financial risks are managed within the current job description roles and responsibilities.

#### **Internal Audit: -**

will provide a detailed scrutiny role in ensuring the council is sufficiently managing risk effectively whilst also providing support and advice on any amendments/improvements required. Any recommendation will be contained within the audit reports submitted to the council.

#### **The Council: -**

will oversee, review and develop the Risk Management policy and Strategy and the compilation of the risk register on a regular basis as part of its standard review of policy documents, standing orders and financial regulations.

It is crucial that the risk register is reviewed regularly and updated. New risks will emerge and will need to be controlled. The Clerk will present a summary of the risk register to the council annually.

**Conclusion.**

The adoption of a sound risk management approach should achieve many benefits for the council. It will assist in demonstrating that the council is committed to continuous service improvement and effective corporate governance.

Approved by the Council: March 2022

## **HARTLEY PARISH COUNCIL RESERVES POLICY**

### **PURPOSE**

The Purpose of the policy is to set out how the council will determine and review the level of reserves.

Hartley Parish Council is required to maintain adequate financial reserves to meet the needs of the organisation, but has no legal powers to hold reserves other than those for reasonable working capital needs or for specifically earmarked purposes. As part of the year-end Annual Return submitted to the External Auditor, whenever the total of the council's reserves (total reserves -Box 7) is more than twice the annual precept value (precept – Box 2), the council is requested to provide an explanation of the high level of reserves. Reserves can be used for long term planned or exceptional (unbudgeted or higher than expected) expenditure on the following conditions:-

- the expenditure must not be recurring
- income in the reserves from the sale of fixed assets (capital receipts) such as the sale of land can only be used for capital projects, such as the acquisition and enhancement of land, building, vehicles, plant and machinery.

Budget allocations can be moved from one budget line to another during the course of a financial year, with approval from the council, so long as the total expenditure for the financial year is not exceeded. This is commonly referred to as “virement”.

### **TYPE OF RESERVES**

Reserves can be categorised as:-

- Earmarked
- Ring Fenced
- General

### **EARMARKED RESERVES**

Earmarked reserves are a means of building up funds over several years to deliver a defined project, predicted liabilities or for known significant expenditure. They are not to be used for emergency operations.

Earmarked reserves must be reviewed and/or established by the council during the annual budget setting process. Every earmarked reserve proposal must include reasonable costing for each project and an estimated timescale.

Earmarked reserves will be administered by the relevant committee in consultation with the RFO. Any changes to the proposed use of reserves must be agreed by full council.

The RFO will note earmarked reserves movements at the end of the financial year.

Earmarked reserves can be held for:-

- Renewals - to enable services to plan and finance an effective programme of equipment replacement and planned property maintenance. These reserves

are a mechanism to smooth expenditure so that a sensible replacement programme can be achieved without the need to vary budgets or excessive Precept increases.

- Carry forward of under spend - some services commit expenditure to projects, but cannot spend the budget in year. Reserves are used as a mechanism to carry forward these resources.

## **RING FENCED**

Ring fenced reserves are money or grants allocated for a specific project only.

## **GENERAL RESERVES**

General reserves are funds which do not have any restrictions placed upon them as to their use. These can be used to smooth the impact of uneven cash flows, offset the budget requirement if necessary or can be held in case of unexpected events or emergencies.

Hartley Parish Council considers a prudent level of general reserves to be no less than 6 months or 50% of its annual expenditure. However, the amount of general reserves should annually be risk assessed and approved by the council. If in extreme circumstances general reserves were exhausted due to major unforeseen spending pressures within a particular financial year, the council would be able to draw down from its earmarked reserves to provide short term resources.

Even when in times of extreme pressure are placed upon the councils finances the council must keep a minimum balance sufficient to pay 3 months salary to staff and associated payroll costs (eg employers NI) in general reserves at all times.

## **OPPORTUNITY COST OF HOLDING RESERVES**

In addition to allowing the council to manage unforeseen financial pressures and plan known or predicted liabilities, there is a benefit to holding reserves in terms of the interest earned on funds which are not utilised.<sup>1</sup> This investment income is fed into the budget strategy.

However, there is an “opportunity cost” of holding funds in reserves, in that these funds cannot then be spent on anything else. As an example, if the funds were used to repay a debt, the opportunity cost would equate to the saving on the repayment of interest, offset by the loss of investment income on the funds. However, using reserves to pay off debt in this way would leave the council with no funds to neither manage unexpected risks nor provide a mechanism to fund unplanned expenditure for which the reserves were earmarked.

Given the opportunity costs of holding reserves it is critical that reserves continue to be reviewed each year as part of the budget process to confirm that they are still required and that the level is still appropriate.

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<sup>1</sup> This is more relevant in times when interest rates for deposits are high. However, it should remain as a note within the policy for such times when the economic downturn reverses and the financial markets become buoyant again. Opportunity costs would be advantageous and should be considered more carefully.

## **EXAMPLES OF RESERVES**

### **Earmarked reserves**

Funds set aside for the purchase of land and the establishment of additional burial grounds within the parish.

To invest in the replacement of play equipment within the parish councils open spaces

### **Ring fenced reserves**

Grants/match funding received from external bodies that have been specifically earmarked for a project such as replacing/improving playground equipment or for the investment in youth services.

### **General reserves**

Funds remaining from unspent precept that can be reserved for future needs such as:-

Emergency tree works or increase to planned programme of works

Replacement of vandalised equipment within the parish where not covered by an insurance claim/re-imburement

Improvements to open spaces or allotments (Fencing/gates etc)

Special events in the future (Memorials/anniversaries)

Community development/support

As approved by the Council at meetings held on  
9<sup>th</sup> February 2015, 14<sup>th</sup> March 2016, 13<sup>th</sup> March 2017, 12<sup>th</sup> March 2018, 11<sup>th</sup> March  
2019, 9<sup>th</sup> March 2020 & 8<sup>th</sup> March 2021

## **HARTLEY PARISH COUNCIL STATEMENT ON INTERNAL CONTROL FOR THE YEAR ENDING 31<sup>st</sup> MARCH 2023**

### **1. SCOPE OF RESPONSIBILITY**

Hartley Parish Council, (the Council), is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Council is responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

### **2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage the risks facing the Council at a reasonable and acceptable level. The Council cannot eliminate all risk, but must put in place such controls it considers necessary to ensure these risks are maintained at a manageable level. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the Council, and will evaluate the likelihood of those risks being realised and the impact this could have on the Council. The Council's Risk Policy Statement and Risk Management Strategy sets out the risks facing the Council and the controls in place to reduce those risks to an acceptable level. The Risk Register underpins the Risk Policy Statement and Risk Management Strategy document, and each document is reviewed on a regular basis.

The Council has adopted a Reserves Policy to ensure the level of reserves held is adequate to meet the operational and future needs of the Council, but not excessive and will be regularly reviewed.

### **3. THE INTERNAL CONTROL ENVIRONMENT**

#### **The Council:**

In accordance with provisions set out in Sections 15 (1) and (2) of the Local Government Act 1972, the Council elects a Chairman at its Annual meeting held in May. The Chairman, when present, presides at each meeting of the Council and is responsible for ensuring the meetings are conducted properly.

The Council approves a Budget and sets a Precept for the following year, ordinarily at its November or December meeting and informs Sevenoaks District Council of the Precept by no later than the end of January.

The Council meets at least eleven times each year and monitors receipts and payments against estimates at each meeting. Bank reconciliations are made available at each Council for verification.

Local councils must approve their accounts by no later than 30<sup>th</sup> June. Generally the Council's accounts and Annual Governance & Accountability Return are approved by the Council at its Annual meeting in May. By 30<sup>th</sup> September in each year local councils must publish its annual accounting statements, together with the external auditors certificate and any opinion or report given in relation to the council's annual accounting statements.

### **The Committee structure:**

In accordance with provisions set out in Section 101 of the Local Government Act 1972, the Council has delegated certain functions to a number of Committees. The Committees are appointed by the Council and operate under Terms of Reference and Delegated Powers approved by the Council. The Committees review their Terms of Reference and Delegated Powers regularly and recommend to Council any amendments considered necessary.

A number of the Committees have spending powers up to limits approved by the Council in the Annual Budget. The Committees with spending powers regularly review their income and expenditure against budgeted estimates and any expenditure beyond that agreed annually by the Council must be approved by the Council before proceeding. Any new project proposed by a Committee will require the approval of the Council before proceeding. The Committees prepare their own Budgets for consideration by the Finance Committee before being presented to the Council for approval

### **The Finance Committee:**

The Finance Committee makes recommendations to the Council on the Budget for the ensuing year; such Budget having regard to the Council's statutory duties, obligations and such objectives that the Council wishes to undertake for the benefit of the community, and recommends to Council the level of Precept for the ensuing year.

The Finance Committee meets at least quarterly and regularly conducts detailed reviews of the Council's receipts and payments, including those of the Committees', against budgeted estimates, and reports any significant variations to the Council.

The Finance Committee is responsible for ensuring proper arrangements are in place for the conduct of the interim and statutory annual audit, including the appointment of the internal auditor

The Finance Committee reviews the effectiveness of the internal audit and reviews the Council's system of internal controls, as required by the Accounts and Audit Regulations, and recommends to Council any changes it considers necessary. As part of this process the Finance Committee regularly reviews its risk management strategy, fixed assets, insurance, investments and banking arrangements.

### **Clerk to the Council / Responsible Financial Officer:**

The Council has appointed a Clerk to the Council who acts as the Council's advisor and administrator. The Clerk is the Council's Responsible Financial Officer and is responsible for administering the Council's finances. The Clerk is responsible for the day to day compliance with laws and regulations that the Council is subject to and for managing risks. The Clerk also ensures that the Council's procedures, control systems and policies are adhered to.

### **Payments:**

All payments are reported to the Council for approval at its monthly meetings and each cheque/internet banking payment is signed/authorised by two Members of the Council.



Payments made by Barclaycard are reported to the Council at its monthly meetings.

#### **Internal Audit:**

In accordance with provisions set out in the Accounts and Audit Regulations (England) 2011, the Council appoints a competent and independent Internal Auditor who reports to the Council on the adequacy of its:

- records
- procedures
- systems
- internal control
- regulations
- risk management
- reviews

The appointed Internal Auditor reports to the Council twice yearly. The effectiveness of the internal audit system is reviewed annually by Councillors.

#### **External Audit:**

The Local Audit & Accountability Act 2014 has replaced the Audit Commission Act 1998 and the Accounts and Audit (England) Regulations 2011.

Following the abolition of the Audit Commission on 31<sup>st</sup> March 2015, smaller local authority representatives successfully persuaded government to allow them to collectively procure external audit services for smaller authorities (under £6.5 million) from 2017-18. The Company established by a consortium of smaller authorities sector bodies (National Association of Local Councils, Society of Local Council Clerks and the Association of Drainage Authorities) and authorised by the department of Communities & Local Government (DCLG) to undertake this role.

The Council has agreed to be an “opted in authority” to the Sector Led Body audit procurement scheme provided by the National Association of Local Councils. This means that the Council will not assume responsibility for the appointment of an External Auditor for the 2017/18 audit onwards.

~~PKF Littlejohn will continue to cover Kent for 2017/18 – 2021/22.~~

Mazars LLP will cover Kent for 2022/23 to 2026/27.

#### **Standing Orders and Financial Regulations:**

The Council conducts its business in compliance with Standing Orders and Financial Regulations, which are regularly reviewed by the Council. The Council’s Standing Orders and Financial Regulations are based on the Models issued by the National Association of Local Councils.

#### **Other internal controls:**

Five councillors, approved by the Council, are currently signatories to the Council’s bank accounts. The Responsible Financial Officer is not a signatory

to the Council's bank accounts, but arrangements have been made with the Council's banks, enabling the Clerk and Assistant Clerk limited and restricted access to the accounts to obtain account information, make fund transfers between Barclays bank accounts held in the Council's name and to set up internet banking payments for Unity Bank.

The Council also has a Barclaycard with which the Clerk and the Chairman of the Council, Cllr Oxtoby are authorised to make payments for goods or services.

By rotation the signatories check, on a monthly basis, that;

- receipts are properly accounted for and banked,
- payments are supported by invoices/supporting documentation, bear the correct amount and payee details on each cheque/internet banking/Barclaycard payment, each cheque bears two manually applied signatures after the amount has been inserted and each internet banking payment has been authorised by two signatories.
- ~~petty cash account is correct and properly accounted for,~~
- monthly reconciliation agrees to the bank statements and list of un-presented receipts and payments.

The bank reconciliations are verified at every Council meeting and recorded in the minutes.

#### **4. ANNUAL GOVERNANCE**

The Council has responsibility for ensuring there is a sound system of internal control, including the preparation of the accounting statements. In doing so the Council confirms annually, by completion of Section 2 of the Annual Governance & Accountability Return, the following:

- accounting statements have been prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices;
- an adequate system of internal control has been maintained, including measures designed to prevent and detect fraud and corruption, and the effectiveness of these internal controls have been reviewed.
- all reasonable steps have been undertaken to ensure compliance with laws, regulations and codes of practice;
- proper opportunity has been provided for the exercise of electors' rights;
- an assessment of the risks facing the Council has been undertaken and appropriate action to manage those risks, including internal controls and/or insurance cover;
- an adequate and effective system of internal audit of the council's accounting records and control systems has been maintained throughout the year,

- appropriate action has been taken on matters raised in reports from internal and external audit;
- proper consideration has been given to any litigation and liabilities or commitments, events or transactions which could have a financial impact on the Council and where appropriate included in the accounting statements;
- the Council has properly discharged its responsibilities in relation to the accountability, including financial reporting, as the sole managing trustee of the Hartley Village Hall.

## **5. SIGNIFICANT INTERNAL CONTROL ISSUES**

There were no significant internal control issues identified during 2020/21.

The Council strives for continuous improvement of its systems to ensure they are robust and fit for purpose. Any weaknesses identified during the regular and ongoing review process are investigated and any changes considered necessary are implemented by the Council.

The Annual Statement of Internal Control was approved by the Council at a meeting held on \*\* **March 202\***.

Signed by:

\_\_\_\_\_  
ChairmanClerkHartley Parish CouncilHartley Parish CouncilDated:

**SUBSCRIPTIONS AND LICENCES**

	Description	Period	Amount 2022/23 charges
ICCM (Institute of Cemetery and Crematorium Management)	Annual subscription	1 <sup>st</sup> April – 31 <sup>st</sup> March	£95.00
KALC	Annual subscription	1 <sup>st</sup> April – 31 <sup>st</sup> March	£1,655.00
RBS Software Solutions	Accounts software support	1 <sup>st</sup> April – 31 <sup>st</sup> March	£172.00
RBS Software Solutions	Annual Subscription for off site data backup	1 <sup>st</sup> August – 31 <sup>st</sup> July	180.00
Society of Local Council Clerks	Annual subscription	1 <sup>st</sup> November to 31 <sup>st</sup> October	£296.00
Information Commissioner	Data protection notification	14 <sup>th</sup> January – 13 <sup>th</sup> January	£40.00
Pear Technology	Technical support & updates (burial records)	January to December	£90.00
Campaign to Protect Rural England	Annual subscription	1 <sup>st</sup> March to end of February	£60.00
Vision ICT	Hosting charge for website (annual charge)	September - August	£559.50
Satswana	Data Protection Officer Service	May - April	£150.00
Log-me-in	Annual subscription	April – March	£330.00

## **22<sup>nd</sup> February 2023**

### **Agenda item 14 – Review of investments and banking arrangements**

Currently the Council's funds are held in two accounts at Barclays, namely Business Current Account and Business Saver Account, one account with the Unity Trust Bank and one account with the Nationwide Building Society. The interest rate on funds held in the Barclays Business Saver Account as at 7<sup>th</sup> December 2022 was 0.250% gross. The interest rate on funds held with the Nationwide Building Society was 0.95%

All precepts will be paid as follows: 50% on 28<sup>th</sup> April 2023 and 50% on 29<sup>th</sup> September 2023.

The signatories to the Council's bank accounts are Councillors Abraham, Perry Cole, Graeme, Oxtoby and Ross. Arrangements are in place with Barclays Bank through a Simple Servicing Authority to enable the Clerk and Assistant Clerk to obtain account information and make fund transfers between bank accounts held in the Council's name. The service authority available includes;

- Balance enquiry
- Order credit books/cheque books
- Funds transfer between accounts in the same name
- Stop cheque or payment
- General transaction query
- Arrange for collection of encashment/drafts
- Statement query/copy statement
- Confirm authenticity of payments
- Direct Debit/Standing Order query

Arrangements are in place with Unity Trust Bank, allowing the Clerk and Assistant Clerk to use the account for internet banking purposes and the existing current account held with Barclays Bank remains in use for cheque payments and the paying in of receipts.

The signatories to this account are Councillors Abraham, Perry Cole, Graeme, Oxtoby and Ross.

The Clerk and Assistant Clerk have been authorised as Telephone Banking and Internet Banking Users.

Unity Bank offers five Internet Banking access levels:

- The number of users required to set up and/or authorise payments online has been agreed as three.
- The internet banking levels for all users are as follows:
- **VS – View and submit** – as well as being able to view the accounts, this level allows the user to submit payments but they cannot authorise payments –

**Mrs Helen Boden (Clerk) and Mrs Jane Tyrrell (Assistant Clerk)**

- **VA – View and Authorise** – as well as being able to view the accounts, this level allows the user to authorise payments but they cannot submit payments - **Councillors Larry Abraham, Perry Cole, David Graeme, Anne Oxtoby and Ian Ross;**
- A Post Office paying in card has been issued to enable the Council to pay in cash only at a nominated Post Office Counter.

The Nationwide Building Society account is maintained as a savings account only.

As approved by the full council at its meeting held on 14<sup>th</sup> March 2022, an application was submitted to Barclays Bank for a credit card with a maximum credit/spending limit of £1,000.

The Clerk and **the Chairman of the Council**, Cllr Oxtoby are both authorised to use the card. ~~and both cards re kept in the office safe.~~

All payments made using the card are presented to the Council at its monthly meeting for approval and the outstanding balance is paid off in full.

The Clerk, Assistant Clerk and all Councillors with access to PINs or passwords will be requested to sign an agreement confirming that they will not disclose any PIN or password relevant to the working of the council or its bank accounts, to any person not authorised in writing by the council, or duly delegated committee.



