

## **Report to Melton Parish Council**

### **The Internal Audit of the Accounts for the year ending 31 March 2021**

#### **1. Introduction and Summary.**

1.1 The Internal Audit work undertaken confirmed that during the 2020/21 year the Council maintained effective governance arrangements including a robust framework of financial administration and internal control. Councillors and Officers demonstrate a strong commitment in maintaining a high standard of overall governance and financial administration.

1.2 The Council displays many examples of strong governance and good financial practice, including maintaining a Business Plan with measurable objectives, monitored against the Council's key priorities. The Council secured a number of significant achievements in the year 2020/21, including progress in the Pavilion Replacement Project, which receives detailed consideration at Council meetings and was the subject of a period of public consultation.

1.3 The Internal Auditor held an introductory meeting on 10 March 2021 with Mr William Grosvenor, the Clerk and Executive Officer, and Mrs Pip Alder, the Assistant Clerk & Management Officer, using the Zoom platform. The End of Year Internal Audit review was completed on 12 May 2021 at the Council's Offices. The review, undertaken on the documentation provided to the Internal Auditor and that published on the Council's website, has confirmed the overall adequacy of the financial arrangements in place within the Council.

1.4 By examination of the 2020/21 accounts and supporting documentation it was confirmed that the Clerk, in the role as the Council's Responsible Financial Officer (RFO), satisfactorily undertook the administration of the Council's financial affairs and produced satisfactory financial management information to enable the Council to make well-informed decisions. Key Policies, Procedures and Protocols are in place and, provide a solid foundation for the continuing operation of strong financial management and control.

1.5 The Accounts for the year confirm the following:

<i>Total Income for the year:</i>	<i>£324,347</i>
<i>Total Expenditure in the year:</i>	<i>£142,590</i>
<i>Total Reserves at year-end:</i>	<i>£555,212 (of which £491,241 is earmarked)</i>

1.6 The Annual Governance and Accountability Return (AGAR) to the External Auditors was examined and the following draft figures were agreed with the Clerk/RFO for inclusion in Section 2 Accounting Statements 2020/21 (rounded for purposes of the Return):

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<i>Balances at beginning of year (1 April 2020):</i>	<i>Box 1: £373,455</i>
<i>Annual Precept 2020/21:</i>	<i>Box 2: £86,948</i>
<i>Total Other Receipts:</i>	<i>Box 3: £237,399</i>
<i>Staff Costs:</i>	<i>Box 4: £51,412</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £19,639</i>
<i>All Other payments:</i>	<i>Box 6: £71,539</i>
<i>Balances carried forward (31 March 2021):</i>	<i>Box 7: £555,212</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £580,843</i>
<i>Total fixed assets:</i>	<i>Box 9: £792,505</i>
<i>Total borrowings:</i>	<i>Box 10: £410,737</i>

1.7 Sections One and Two of the AGAR are due to be approved and signed at a forthcoming meeting of the Council. The Internal Auditor has completed the Annual Internal Audit Report 2020/21 within the AGAR.

1.8 The following Internal Audit work was carried out on the adequacy of systems of internal control in accordance with the Audit Plan approved by the Council. Comments and any recommendations arising from the review are made below.

## **2. Governance, Standing Orders, Financial Regulations and other Regulatory matters (examination of Standing Orders, Financial Regulations, Code of Conduct, Formal Policies and Procedures, Tenders where relevant. Acting within the legal framework, including Data Protection legislation).**

2.1 Councillors and Officers were committed in addressing the challenges of the Covid-19 pandemic during 2020/21 in their support to the local community, including participation in the Melton Good Neighbour Scheme, and in maintaining effective governance arrangements. As part of the Council's governance responsibilities and as a result of the Covid-19 situation, an Interim Management Committee (IMC) was established to deal with urgent and necessary Council business.

2.2 At its meeting on 15 July 2020 the Council formally ratified the arrangements for the setting up of the IMC. It was the intention to formally set up these emergency arrangements to manage the Council's business during the pandemic lockdown at the Full Council meeting on 18 March 2020. However, the meeting was cancelled, and consequently, at the first meeting of IMC held on 8 April 2020, Members resolved to delegate responsibility for decision-making to the Clerk and Assistant Clerk, in conjunction with Members of the IMC, the Finance, Employment & Risk Management (FERM), Recreation, Planning and Transport Committees as appropriate. The Council formally ratified the arrangements for setting up the IMC and all the decisions taken at the IMC meetings held on 8 April, 29 April, 27 May, 17 June and 12 August 2020.

2.3 In meeting its overall governance responsibilities, at its meeting on 15 July 2020 the Council determined the arrangements for meetings for the remainder of the 2020/21 year. The Council had operated throughout the lockdown with a system of

delegation to Officers combined with remote meetings of the IMC. A final meeting of IMC was held in August, and from September the Council reverted back to a pre-emergency meetings structure. The Council decided that these meetings would be held via the Zoom platform until such time as clearance was received for face-to-face meetings to resume (Minute 20.54 refers).

2.4 The Council operates its approach to planning under the strategic 'umbrella' of the Melton Neighbourhood Plan. The Council's website provides information about the Plan, including updates that impact upon the Plan and the ways in which the public can become involved.

2.5 The Council has a **Business Plan** in place which aims to provide residents with a clear understanding of what the Parish Council does and what it is striving to achieve. The Business Plan is normally reviewed annually and can be used in the budgeting process to include planned activities for each coming year which can be monitored against the key priorities. A copy of Issue 3 (Revised July 2019) has been published on the Council's website. The Business Plan is due to be revised and updated by the Council during the 2021/22 year.

2.6 **Standing Orders** are in place and were reviewed by the IMC on 27 May 2020. At its meeting on 16 September 2020 the Council considered and approved amendments to the Standing Orders to comply with changes to EU Legislation (Minute 20.67.03 refers). Standing Orders were again reviewed by the Council at its meeting on 17 March 2021. The Standing Orders reflect the latest model standing orders and guidance issued by the National Association of Local Councils (NALC) and a copy has been published on the Council's website.

2.7 **Financial Regulations** are also in place. The Regulations were reviewed and formally adopted by the Council at its meeting on 15 January 2020 (Minute 20.07.05 refers). The Clerk/RFO explained the approach that had been taken with the latest set of model Financial Regulations issued by NALC; these had been tailored to meet the particular requirements of the Parish Council.

2.8 Following referral from the FERM Committee, the IMC reviewed and agreed revisions to the Financial Regulations at its meeting on 8 April 2020. The revisions were ratified by Full Council on 15 July 2020. At its meeting on 16 September 2020 the Council considered and approved amendments to the Council's Financial Regulations to comply with changes to EU Legislation (Minute 20.67.03 refers). Financial Regulations were again reviewed by the Council at its meeting on 17 March 2021. A copy of Financial Regulations has been published on the Council's website.

2.9 The Council's records show that the role of the Responsible Financial Officer (RFO) is within the of the Clerk and Executive Officer's Job Description, which was reviewed and adopted by the FERM Committee on 8 April 2019.

2.10 **Authorised signatories** to the Council's bank and building society accounts were considered and agreed by the IMC on 27 May 2020 during the period of time the Council was not meeting. The IMC agreed the list of authorised signatories on the

Council's accounts with Barclays Bank, Lloyds Bank and the Ipswich Building Society together with limits of delegation where authorisation is delegated to Officers (Minute 20.26.05).

2.11 The **General Power of Competence** has not been adopted by the Council and details of expenditure incurred under Section 137 of the Local Government Act have accordingly been separately identified in the Accounts and clearly recorded in the Council's Minutes.

2.12 The **Minutes of the Council and the Committees** are very well presented and provide clear evidence of the decisions taken by the Council in the year.

2.13 The Council is **registered with the Information Commissioner's Office** (ICO) as a Fee Payer/Data Controller for the provision of council services under Data Protection legislation (Registration Z705272X refers, expiring 11 September 2021). The Council demonstrates good practice by maintaining a Data Protection Awareness Checklist for Councillors. At the Council's meeting on 15 January 2020, the Clerk/RFO reminded Councillors of the importance of completing the Checklist as it is considered that Councillors' use of devices on Parish Council business represents the greatest potential weakness in data protection compliance; the Clerk/RFO stressed the need to maintain suitable data protection safeguards as far as possible (Minute 20.05 refers).

2.14 In response to the requirements of the General Data Protection Regulations (GDPR) the Council maintains a Privacy Notice, Retention of Documents Policy and a Responding to Subject Access Requests document, all of which are published on the Council's website. At the meeting of the Council on 16 September 2020 the Clerk reported that having installed CCTV on the Playing Field, a CCTV Policy and Code of Conduct for its management and use was required to comply with GDPR requirements. At the meeting the Council considered and approved the CCTV Policy document (Minute 20.71 refers).

2.15 The FERM Committee and the Council undertake regular reviews of **Policies, Procedures and Protocols**. Following recommendations from the FERM Committee the Council considered and adopted a revised Protocol for Public Participation in Meetings (on 16 September 2020), the updated Grievance and Disciplinary Procedures and a Code of Practice for Handling Complaints (on 18 November 2020) and the revised Freedom of Information Act Publication Scheme (on 13 January 2021).

2.16 The Council's Policies and Procedures are available for public inspection on the Council's webpage: <https://melton-suffolk-pc.gov.uk/council-policies/>

2.17 In addition, the Council has recently considered a range of additional employment policies, including Equality and Diversity, Lone Working and Sickness/Absence to demonstrate that the Council maintains a high standard of practice as an employer.

2.18 In accordance with the Localism Act 2011 sections 26 to 37, the Council has adopted the revised **Suffolk Local Code of Conduct**. A copy of the Code has been published on the Council's website. The IMC considered the LGA Consultation on a new Model Member Code of Conduct at its meeting on 12 August 2020 and agreed the points made in the Clerk/RFO's report and to respond to the LGA accordingly (Minute 20.49 refers).

2.19 With regard to the new **website accessibility regulations** which came into force on 23 September 2020, the Council has published a Website Accessibility Statement for inclusion on the Council's website (Minute 89.2 refers). The Statement confirms that the Council is committed to making its website accessible, in accordance with the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018 and is fully compliant with Web Content Accessibility Guidelines.

2.20 The Council demonstrates good management practice by placing emphasis upon adequate and appropriate **training for Councillors and Officers**. At its meeting on 14 October 2020 the FERM Committee was advised that the Assistant Clerk had commenced training for the CiLCA qualification and due to be completed in late 2021. Appropriate sums have been included in the Council's Budgets to facilitate Councillor and Staff Training.

### **3. Accounting Procedures and Proper Book-keeping (*examination of entries in the Cashbook, regular reconciliations, supporting vouchers, invoices and receipts and VAT accounting*).**

3.1 The **RBS Rialtas Alpha accounting system** was used in the year to produce the Council's Financial Reports and Statements. The financial system is well referenced and overall provides a good audit trail to the supporting documentation. The system has been used for the preparation of the 2020/21 End-of-Year accounts.

3.2 The Cashbook transactions are referenced and provide an appropriate audit trail. VAT payments are tracked and identified within the accounting system. A sample of transactions was examined with the supporting invoices/vouchers and was found to be in order. Test checks were made on the coding of the VAT element within a number of invoices/accounts and these were also found to be in order.

3.3 VAT Returns submitted to HMRC on a Quarterly basis. Amounts paid to, or received from, HMRC in the year were as follows:

- a) £639.96 due to HMRC for the period 1 April 2020 to 30 June 2020 (paid on 12 August 2020).
- b) £461.57 reclaim for the period 1 July 2020 to 30 September 2020 (received at bank on 28 October 2020).
- c) £674.08 reclaim for the period 1 October 2020 to 31 December 2020 (received at bank on 23 February 2021).
- d) £3.05 net reclaim for the period 1 January 2021 to 31 March 2021 (correctly shown as VAT Recoverable (Debtor) in the Balance Sheet as at 31 March 2021).

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**4. Bank Reconciliation (*Regularly completed and cash books reconcile with bank statements*).**

4.1 The Bank Accounts were regularly reconciled to the Accounts during the year. A monthly bank reconciliation is completed and, under normal circumstances, is reported to the FERM Committee.

4.2 At its meeting on 5 February 2020 the FERM Committee resolved that a separate account should be opened with Ipswich Building Society (IBS) for the investment of rent deposit monies from Real Vision Productions Ltd. At its meeting on 8 April 2020 the IMC resolved on behalf of the Council, to open an account with the IBS to hold the sum of £5,120, comprising the rent deposit received from the Council's business tenants together with a sum equivalent to the VAT thereon. The signatories nominated were those with the existing business account held with the IBS. The IMC decision was ratified by Council on 15 July 2020.

4.3 Reconciliation of individual bank accounts has been completed within the RBS accounting system. The Overall Bank Reconciliation at the year-end was being prepared by the Clerk/RFO at the time of the Internal Audit.

4.4 The Internal Auditor confirmed the Council's Bank Accounts as at 31 March 2021 as a total of £580,843.01 consisting of the following accounts:

- Barclays Bank Current Account: £346,621.06 (statement at 31 March 2021)
- Barclays Bank Deposit Account: £114,905.44 (statement at 31 March 2021)
- Ipswich Building Society Deposit Account: £101,116.18 (statement at 4 Jan. 2021)
- Lloyds Bank Treasurer's Account: £13,080.33 (statement at 31 March 2021)
- Ipswich Building Society Rent Deposit Account: £5,120.00 (statement date was displayed as October 2020).

**5. Year End procedures (*Regarding accounting procedures used and can be followed through from working papers to final documents. Verifying sample payments and income. Checking creditors and debtors where appropriate*).**

5.1 The **End-of-Year Accounts and supporting documentation** were extremely well presented for the Internal Audit review. The End-of-Year accounts are prepared on an Income and Expenditure basis.

5.2 **The Income and Expenditure Account for the year 2020/21 and the Balance Sheet as at 31 March 2021** were examined and found to be in good order with supporting information being held within the RBS system to validate the entries. Sample audit trails were examined and were found to be in good order.

5.3 The Internal Auditor examined, on a sample basis, the Debtors and Creditors listed in the Balance Sheet as at 31 March 2021. The Current Assets in the Balance

Sheet included the amount of VAT Recoverable from HMRC as at 31 March 2021 (£3) and Prepayments (£496) recorded as estate charges.

5.4 Under Current Liabilities, listed Creditors (outstanding sums not yet paid by the Council) in the Balance Sheet totalled £19,640 relating to the replacement of tennis fencing. Accruals listed as £1,370 were examined and found to be in order.

5.5 A **Statement of Variances** (explaining significant differences in receipts and payments between the years 2019/20 and 2020/21) was being prepared by the Clerk/RFO at the time of the Internal Audit. The Statement has to be submitted to the External Auditors and published on the Council's website.

5.6 The **Community Infrastructure Levy (CIL) Report** for the previous year 2019/20 was received and noted by Full Council on 15 July 2020 and submitted by the Clerk/RFO to the District Council by the due date of 31 December 2020 (Minute 20.52.08). During the year 2020/21 the Council continued to receive and consider updates on projects to be funded by CIL receipts.

5.7 The CIL Annual Report for 2020/21 has been constructed by the Clerk/RFO and displays an Opening Balance for Community Infrastructure Levy (CIL) Funds as at 1 April 2020 of £318,316.99, additions in the year of £183,667.33 and applications (spending) of £11,242.78. The amount of CIL Receipts retained as at 31 March 2021 is displayed as £490,741.54.

## **6. Internal Control and the Management of Risk (*Review by Council of the effectiveness of internal controls, including risk assessment, and Minuted accordingly*).**

6.1 At the meeting of the IMC held on 8 April 2020 the Council reviewed the 2020/21 Budget in the light of the Covid-19 pandemic and agreed to make appropriate entries in the Risk Register (Minute 20.05.02 refers).

6.2 The Council's **Internal Control Policy** was reviewed at the meeting of the IMC held on 29 April 2020 (Minute 20.14.06 refers) following the cancellation of the meeting of Full Council on 13 March 2020.

6.3 The Full Council reviewed, amended as required and adopted the Council's Internal Control Policy for the year ending 31 March 2021 at its meeting on 17 March 2021 (Minute 21.30.04).

6.4 At its meeting on 15 July 2020 the Council received a report which facilitated the Council's annual review of **Risk Management arrangements**. The report was aimed to underpin Assertion 5 in the Annual Governance Statement and set out how the Council manages risks across all the areas of its activities. The report demonstrated how the Council both identifies and assesses its risks and the steps taken to manage and mitigate the risks including the adoption of a business strategy aimed to optimise income and tightly manage expenditure. (Minute 20.53.05 refers).

6.5 The Council demonstrates good practice by reviewing risks on a monthly basis. As part of this process, at its meeting on 16 September 2020 the Council considered and updated the Risk Register with regard to the risk level at the Playing Field. Further updates to the Risk Register were agreed by the Council at its meetings on 18 November 2020, 13 January 2021 and 17 March 2021.

6.6 Similarly, the FERM Committee has a standing agenda item to review Risk Management Issues. The Committee resumed meeting from 14 October 2020 and considered and noted the updated Risk Register, the Data Protection Risk Register and Business Continuity Planning issues.

6.7 The Council complied with the Accounts and Audit Regulations 2015 which require a review by the full Council at least once a year of the effectiveness of the Council's system of internal control, including the arrangements for the management of risk, with the review suitably Minuted.

6.8 The FERM Committee considered and updated the Council's Business Continuity Plan, as an emergency planning tool, at its meeting on 10 February 2021.

6.9 A key area of risk for the Council during the pandemic involved the management of its play areas and play equipment. In this respect the Council constructed specific risk assessments relating to the impact of Covid-19 on the play area and its equipment. The report to Council on 15 July 2020 set out a list of actions to be undertaken prior to opening of the area, together with details of the insurance and legal positions (Minute 20.56 refers). An Annual Play Park Inspection was undertaken by the Play Inspection Company during 2020/21 (payment of £156.00 paid on 5 August 2020).

6.10 **Insurance** was in place for the year of account. At the Council's meeting on 16 September 2020 the Clerk reported upon the renewal premium of £3,164.65 due on 1 October 2020 for the final year of the long-term agreement with AXA Insurance which expires 30 September 2021. The revised premium included an increase for Employee Fidelity cover. The Council noted the revised policy schedule (setting out the cover provided), the Statement of Demands and Needs (setting out the areas of insurance cover) and the Statement of Fact (the basis on which cover is provided). The Council approved the payment of the renewal premium (Minute 20.67.04 refers). The Council's Employer's Liability insurance cover and Public Liability cover each stand at £10m.

6.11 The Fidelity Guarantee (Councillor/Employee Dishonesty) cover stands at £450,000, which is significantly below the current recommended guidelines which provide that the cover should be at least the sum of the year-end cash/bank balances (£580,843 as at 31 March 2021) plus 50% of the precept (£46,850) which would provide for best practice cover of approximately £627,700.

**Recommendation 1: The Council should continue to monitor the Councillor/Employee Dishonesty (Fidelity Guarantee) cover as part of its overall Risk Management reviews with the view of meeting the current recommended guidelines.**

**7. Budgetary controls (Verification of the budgetary process with reference to Council Minutes and supporting documents).**

Precept 2020/21: £86,948.17 (15 January 2020, Minute 20.07.03 refers).

Precept 2021/22: £93,706.34 (13 January 2021, Minute 21.08.03 refers).

7.1 Good **budgetary procedures** are in place. The Draft Budget for 2020/21 was prepared by the Budget and Projects Working Group and considered and formally approved by the Council at its meeting on 15 January 2020. Similarly, the Precept for the year 2020/21 was formally determined at that meeting and clearly Minuted.

7.2 Similarly, the Budget and Projects Working Group met on 10 November 2020 to review the 2020/21 financial position and to start work on the Budget Setting for 2021/22. A Draft Budget for 2021/22 was presented to the Council on 18 November 2020. The final Budget and the Precept for 2021/22 was formally agreed by the Council at its meeting on 13 January 2021.

7.3 The Precepts were agreed in Full Council and the precept decision and amount have been clearly Minuted. The Council prepared detailed estimates of the annual budget and of receipts and payments.

7.4 The Clerk/RFO ensures the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves. During the period when the Council was not meeting, the IMC received detailed Budget Reports for the 2020/21 year at its meetings on 27 May 2020, 17 June 2020 and 12 August 2020. Comprehensive Budget Reports were presented to Full Council when it recommenced holding meetings. The Budget Reports presented to the Council and the IMC have been published on the Council's website.

7.5 In meeting the Council's responsibilities for undertaking effective budgetary control, on 14 October 2020 the FERM Committee received a detailed report on the Council's financial position for the period 1 April to 30 September 2020. The Committee agreed that once meetings in person resume, printed copies of Bank Statements and Building Society Passbook would be presented to the Chair to inspect and sign off the reconciliations. The Committee considered the Budget Report which provided detailed figures for budgetary control purposes and explanations provided for variances in actual expenditure and income compared to budget.

7.6 The FERM Committee and Full Council demonstrated good financial practice by continuing to receive and provide detailed consideration to detailed Budget Reports at each meeting.

7.7 The **Overall Reserves** available to the Council at the year-end 31 March 2021 totalled £555,212 of which £491,241.54 has been earmarked leaving £63,971 as a

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General Reserve which is in line with of the generally accepted position that non-earmarked revenue reserves should usually be between three and twelve months of Net Revenue Expenditure (in effect, the Precept less any loan repayments - the JPAG Proper Practices Guide, Item 5.32 refers). At its meeting on 5 May 2021 the Council received a report from the Clerk/RFO detailing the position regarding the End of Year Reserves.

**8. Income Controls (regarding sums received from Precept, Grants, Loans and other income including credit control mechanisms).**

8.1 Income controls were examined on a test-check basis. Income received and recorded in the Cashbook was cross referenced on a sample basis with the bank statements and found to be in order.

**9. Use of Debit Cards and Petty Cash (Associated books and formally agreed systems in place).**

9.1 A **Barclays Debit Card** and a **Lloyds Debit Card** are in use. At its meeting on 8 April 2020 the IMC agreed that Financial Regulations should be amended to record that the use of debit cards will be restricted to the posts of the Clerk/RFO and Assistant Clerk and to a single transaction maximum value of £500 unless authorised by the Council or the FERM Committee before any order is placed.

9.2 As from April 2020 the Clerk/RFO was a signatory and card holder on the Barclays Current Account and both the Clerk/RFO and Assistant Clerk were signatories and card holders on the Lloyds Treasurer's Account. The Committee also agreed that use of the debit cards will be recorded on the appropriate form (to which the invoice/voucher is attached) and signed by the user and countersigned by a designated member signatory. From May 2021 both the Clerk/RFO and Assistant Clerk are signatories and card holders for the Lloyds Treasurer's Account in contemplation of future staffing changes.

9.3 A sample of the vouchers used to record the use of the debit card was examined and found to be in order and in accordance with the Council's stated requirements.

9.4 No Petty Cash is held; an expenses system is in place. Expenses Reimbursement Request vouchers are completed, signed and approved by the Clerk/RFO and a Councillor as authorisation for payment.

**10. Payroll Controls (PAYE and NIC in place; compliant with HMRC procedures; records relating to contracts of employment).**

10.1 **Payroll Services** are outsourced to the Suffolk Association of Local Councils (SALC) and are being operated in accordance with HMRC regulations. Regular payments have been made to HMRC and detailed pay slips are produced for the Council employees. A Payroll Summary for the year 2020/21 and Full Payment

Submission as at 31 March 2021 has been provided to the Council by SALC and was made available to the Internal Auditor for examination. A sample of payroll transactions was examined and found to be in order.

10.2 The Assistant Clerk & Management Officer is enrolled into the Local Government Pension Scheme administered by Suffolk County Council. With regard to the Council's responsibilities under the workplace pension legislation, the FERM Committee considered the requirements of the Pensions Regulator at its meeting on 10 July 2019 (Minute 19.36.03 refers).

**11. Assets Controls (*Inspection of asset register and checks on existence of assets; recording of fixed asset valuations; cross checking on insurance cover*).**

11.1 The Council reviewed and accepted the Asset Register at its meeting on 17 March 2021. The Council noted that it was in two parts (a) a register of buildings and land and (b) a register of all other assets. It had been compiled and presented to the Council on the basis that the divestment of 21 parcels of land from East Suffolk Council would have been completed prior to 31 March 2021. The Council noted the total value of the assets on that basis was expected to be £792,505.46 as at 31 March 2021. The Council adopted the Asset Register as presented as fairly reflecting the Council's assets as at 31 March 2021, subject to the completion of the land transfers prior to that date.

11.2 The FERM Committee and Full Council received regular updates on the land divestment from East Suffolk Council to the Parish Council. The Clerk/RFO reported to FERM Committee on 9 December 2020 that he had signed the contract for the transfer of the 21 parcels of land to the Parish Council in 2 phases (Phase 1 as soon as completion could take place and Phase 2 on 31 March 2021).

11.3 The Register displays a total value of £792,505.46 as at 31 March 2021 and details the additions and disposals in the year to account for the increase in £9,318.28 in the value recorded at the end of the previous year.

11.4 The Register complies with the current requirements which provide that each asset should be recorded on a consistent basis, year-on-year. Values are recorded at original purchase cost or a proxy cost (where the original cost is unknown) and a £1 nominal value for the tennis courts as a community asset. The values have been correctly recorded in Box 9 of Section 2 of the AGAR (Annual Return) 2020/21.

**12. Responsibilities as a Trustee (*Regarding the Council's role and responsibilities under the Charity Acts; submission of returns to Charity Commission*).**

12.1 The Council is not a Sole Trustee to a Charity and has made the appropriate entries in the AGAR 2020/21.

**13. Internal Financial Controls, Payments Controls and Audit Procedures (Confirmation that the Council has satisfactory internal financial controls in place for making payments with adequate documentation to support/evidence payments made. Any previous audit recommendations implemented).**

13.1 The Council has satisfactory internal financial controls in place. The Clerk/RFO provides comprehensive financial management reports to Council meetings and Councillors are provided with information to enable them to make informed decisions. During the period when the Council was not meeting, the IMC received detailed financial management reports for the 2020/21 year at its meetings on 27 May 2020, 17 June 2020 and 12 August 2020. Comprehensive financial reports were presented to Full Council when it re-commenced holding meetings. The Financial reports presented to the Council and the IMC have been published on the Council's website.

13.2 As part of the overall financial control framework, payments for approval are listed in the Agenda papers for the FERM Committee and Full Council. In turn, the Minutes of the FERM Committee and Full Council refer to the papers presented under the appropriate agenda items with regard to receipts and payments.

13.3 Invoices/vouchers for payment are signed/initialled by the Cheque Signatories in confirmation of the payment to be made. References are made on the invoice/voucher to the expenditure code within the RBS system.

13.4 The Internal Audit report for the previous year (2019/20) was undertaken by SALC and was dated 10 June 2020. The Report was received by the Council at its meeting on 17 June 2020 (Minute 20.36.03 refers). The Report put forward a number of observations and recommendations:

- a) *Employee Fidelity insurance cover should be increased from the current £250k to £450k.* (This recommendation was agreed by the IMC and an increase has since been brought into place – see item 6.11 above).
- b) *The Asset Register – remove items valued at either under £100 or £500, include both the asset value and insurance value and also ensure that the Council is not underinsured.* (The IMC agreed to remove purchased items valued at under £100 (whilst leaving the proxy values for gifted items in place) and retain the present practice of recording acquisition values in line with the JPAG guidance).
- c) *Confirmation of acting within legal powers.* (The IMC did not agree to record the legal power against every item of expenditure made but agreed that when the budget for the following Council year is set in January, Councillors will have drawn to their attention the powers that are available to local councils in readable form).
- d) *That the appointment of Internal Auditor should always be done by Full Council.* (As the Council's Financial Regulations did not make the responsibility clear the IMC agreed amend FR 2.5 and the FERM Committee Terms of Reference to delegate this function to the FERM Committee).

- e) *Procedural matters – confidentiality (the reason for an Item being considered as confidential should be clearly stated).* (The IMC noted the recommendation).
- f) *Procedural matters – delegation of powers: the IMC was not established lawfully by resolution of Full Council.* (This situation arose because the meeting at which the delegation for the emergency was to have been approved by resolution had to be cancelled and delegation was agreed via emails to all Councillors. The IMC agreed that ratification would be sought at the next meeting of Full Council. It was ratified by Full Council on 15 July 2020, Minute 20.50 refers).

13.5 Arising from the above, at its meeting on 15 July 2020 the Council agreed to amend Financial Regulation 2.5 and the Terms of Reference for the FERM Committee to delegate the appointment of the Internal Auditor to the FERM Committee (Minute 20.53.04). Under these provisions, the Committee resolved to appoint the Internal Auditor for year 2020/21 at its meeting on 9 December 2020 following its review by the Committee of the Terms of Reference and Audit Plan supplied (Minute 20.28.04 refers).

#### **14. External Audit (*Recommendations put forward/comments made following the annual review*).**

14.1 The External Auditor Report and Certificate 2019/20, prepared by PKF Littlejohn LLP, was dated 6 November 2020 and raised no issues of concern following the review of the Accounts for the year.

14.2 The External Auditors' Report and Certificate were received and accepted by the Council at its meeting on 18 November 2021 (Minute 20.89.04 refers).

#### **15. Publication Requirements.**

15.1 Under the Accounts and Audit Regulations 2015 authorities must publish each year the following information on a publicly accessible website (the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 extended the statutory deadlines for the publication of the 2019/20 documents):

Notice of the period for the exercise of Public Rights  
AGAR - Sections 1 and 2.

The Internal Auditor was able to confirm that the documents were readily accessible on the Council's webpage:

<https://melton-suffolk-pc.gov.uk/document-category/annual-return/>

15.2 Following the completion of the External Audit:

Notice of Conclusion of Audit  
AGAR - Section 3

AGAR - Sections 1 and 2 (including any amendments as a result of the Limited Assurance Review).

The Internal Auditor was able to confirm that the documents readily accessible on the Council's webpage:

<https://melton-suffolk-pc.gov.uk/wp-content/uploads/2020/11/AGAR-2020.pdf>

**16. Additional Comments.**

16.1 I would like to record my appreciation to the Clerk & Executive Officer and the Assistant Clerk & Management Officer for their assistance during the course of the audit work.

*Trevor Brown*

**Trevor Brown, CPFA**

**Internal Auditor**

**12 May 2021**