



Internal Audit

FINAL

Thetford Town Council

Assurance Review of Annual Governance and Accountability Return

2021/22

May 2022

Executive Summary

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

The audit covers all areas required by the Annual Governance and Accountability Return (AGAR) and includes, where appropriate, the key risks for a Town Council

SCOPE

The purpose of the review was to undertake sufficient audit work to be able to sign off the Annual Governance and Accountability Return for Internal Audit.

KEY STRATEGIC FINDINGS

Thetford Town Council has good systems in place and the governance, risk and control framework is working well.

Thetford Town Council use the Sage suite of software to manage their accounts which supports accurate accounting and good record keeping.

The Town Council's web site to be kept up to date with approved and final versions of policies.

GOOD PRACTICE IDENTIFIED

Governance, risk and control are all well managed by the Town Council.

The Town Council's web site is easy to navigate and well populated with useful and informative information.

ACTION POINTS

| Urgent | Important | Routine | Operational |
|--------|-----------|---------|-------------|
| 0 | 0 | 1 | 0 |

Assurance - Key Findings and Management Action Plan (MAP)

| Rec. | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------|-----------|--|---|----------|---|-------------------------------------|--|
| 1 | Directed | <p>A selection of the Town Council's Policies and Procedures were reviewed.</p> <ul style="list-style-type: none"> • Standing Orders - These are draft on the website; • LAPCP Regulations 2020 – Expire 6th May 2021, yet are referred to in the Standing Orders (highlighted in Yellow); • Civic Policy - a detailed policy which is noted; • Financial Regulations – Web version still has highlighted proposed changes, which should have been approved and a clean copy posted onto the website. | The Council's website (policies and procedures) as far as possible, be kept up to date with final approved documents. | 3 | <p><i>We note and accept the comments. The Town Clerk has already started a process to ensure that all our published policies and procedures are updated when required and the updated copies put on the website.</i></p> <p><i>In respect of the documents highlighted in your review, the documents will be updated on the website.</i></p> | <p>30/09/22</p> <p>30/06/22</p> | <p>Town Clerk</p> <p>Deputy Town Clerk</p> |

PRIORITY GRADINGS

1 URGENT Fundamental control issue on which action should be taken immediately.

2 IMPORTANT Control issue on which action should be taken at the earliest opportunity.

3 ROUTINE Control issue on which action should be taken.

Operational - Effectiveness Matter (OEM) Action Plan

| Ref | Risk Area | Finding | Suggested Action | Management Comments |
|---|-----------|---------|------------------|---------------------|
| No Operational Effectiveness Matters were identified. | | | | |

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.

Findings



Directed Risk:

Failure to properly direct the service to ensure compliance with the requirements of the organisation.

| Ref | Expected Key Risk Mitigation | Effectiveness of arrangements | Cross Reference to MAP | Cross Reference to OEM |
|-----|--|-------------------------------|------------------------|------------------------|
| GF | Governance Framework There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation. | In place | 1 | - |
| RM | Risk Mitigation The documented process aligns with the mitigating arrangements set out in the corporate risk register. | In place | - | - |
| C | Compliance Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance. | In place | - | - |

Other Findings

The minutes of the full Council meeting held on the 22nd February 2022 were reviewed and found to be comprehensive and demonstrated good governance by the Town Council.

The following Committee minutes and recommendations were approved by Full Council at its 22nd February 2022 meeting: The minutes of these meetings were reviewed and found to be comprehensive and demonstrated good governance.

- Amenities Committee – 2nd February 2022;
- Heritage and Town Events Committee – 3rd February 2022;
- Personnel Committee – 8th February 2022;
- Planning Committee – 8th February 2022;
- Venues and Communications Committee – 9th February 2022;
- Allotment Committee – 10th February 2022;
- Cemetery Committee – 10th February 2022;
- Finance Committee – 15th February 2022.

The Council has a Financial Risk Assessment that it reviews and updates at least annually. The financial management assessment of risk is the Councils Risk Register and includes not only financial risks but also legal, administrative and operational risks.

Other Findings



A sample risk has not been selected for a detailed review at this audit but a review of the Financial Risk Assessment document shows a comprehensive list of risks. This is a comprehensive record of potential risks, controls, how they are scored, future actions required and the responsible person.



The Town Council use Sage software for their accounting records to include debtor and creditor solutions.



A trial balance was taken at the 31st March 2022. This was up to date and in balance.



Aged creditors were reviewed as at 8th April 2022. There are five old outstanding creditors as follows:

- CGM Ltd +£2,734.34
- Fynalite +£221.43
- Wave +£1,501.00
- Wave CPT -£656.64
- Wave Kind St -£308.43



The CGM Ltd account has cleared. Only £2655.00 was paid on the December invoice instead of £2734.34. When a statement was received from CGM Ltd, the matter was investigated and confirmed the error which will be rectified.

The Fynalite invoices were only emailed to the Town Council on 17th March 2022 although dated 7th June 2021. It had been ordered by the previous Countryside Officer but was not put through the formal ordering system. Written confirmation from the previous Countryside Manager has been obtained that the goods were ordered and received. The current Countryside Officer has also photographed the items and confirmed that the Council are in possession of the goods. The invoices have now been paid.

WAVE - £1501. This was to pay WAVE to install a new water connection on Barnham Cross Common. The invoice was processed as a “payment in advance” but it has not been paid as WAVE were never formally contracted to do the work. As it turned out the Council needed a different set of connections and so this amount will not be paid. The invoice will be reversed out as part of the final year-end processes.

WAVE - £656.64 (Castle Park Public Toilets) This was a bill that was paid based on pre-COVID consumption but a subsequent reading put the account in credit (the Council closed all public toilets during COVID). Every month the Council get billed and the credit is therefore slowly being “eroded”.

WAVE - King Street. This is also a valid credit balance and has arisen from the COVID situation.



The Purchase Order system was reviewed and it was confirmed that where appropriate to use the Purchase Order system, goods received had been confirmed and invoices had been matched back to the purchase order. The approval process was in accordance with Financial Regulations/Procurement policy.



The following invoice payment was selected for a detailed review:

- Wicksteed Leisure Ltd (8161) 813321 PROJECTS Final invoice for Trim Trail. £25,000.00 (net) £5,000.00 (vat) £ 30,000.00 (gross) PLAYPARK EQUIPMENT – 24th August 2021.

Other Findings

Examination of the invoice and supporting documentation confirmed that the appointment of Wicksteed Leisure Ltd had been correctly approved by Committee and the invoice was in order to pay.



The precept for 2021 22 remained unchanged at £125.32 for a Band D property. This was approved at the Full Council meeting held on the 5th January 2021.



The aged debtors were reviewed. There were no aged debts although there were a number of aged credits appearing in the accounts.



All debts were looked to be collected within a reasonable time span.



There were no write offs to report.



Petty cash is now hardly used. All vouchers are authorised before or when petty cash is disbursed.



As at the 31st March 2022 there was £105.94 recorded as petty cash.



The payroll for all staff for the month of January 2022 was reviewed and found to be in order.



PAYE and NI requirements had been met and the sums due paid to HMRC.



Pension arrangements were verified and confirmed to be in order with the appropriate sums paid over to the pension provider.



An asset register is in place that is updated annually.



Accounting Statements are undertaken and these reconcile to the cash book.



Data feeding into the Accounting Statements was confirmed to be correct.



Delivery Risk:

Failure to deliver the service in an effective manner which meets the requirements of the organisation.

| Ref | Expected Key Risk Mitigation | Effectiveness of arrangements | Cross Reference to MAP | Cross Reference to OEM |
|-----|--|-------------------------------|------------------------|------------------------|
| PM | Performance Monitoring There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner. | In place | - | - |
| FC | Financial Constraint The process operates within the agreed financial budget for the year. | In place | - | - |
| R | Resilience Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted. | In place | - | - |

Other Findings

- The budget is monitored at each Committee meeting who have their own Financial report compared to the budget. The Finance Committee also gets an up-to-date Council wide report on its budget at every meeting.
- The Council has significant reserves held over a number of specific areas including a general reserve.
- The Council maintain forecasting arrangements that support future years precept requirements.
- The Town Council use a system of daily income where non-invoiced income is recorded on a pre-numbered sheet. All income is backed promptly. The majority of income is received via bank transfer.
- Bank Accounts are regularly reconciled. Bank statements for the end of February 2022 were confirmed to be in balance.
- The Town Council is operating within its approved budget for the 2021/22 financial year.
- Good practice is adopted by the Town Council to respond to business interruption events and to enhance the economic, effective and efficient delivery of its services.

EXPLANATORY INFORMATION

Appendix A

Scope and Limitations of the Review

- The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Plan. As set out in the Audit Charter, substantive testing is only carried out where this has been agreed with management and unless explicitly shown in the scope no such work has been performed.

Disclaimer

- The matters raised in this report are only those that came to the attention of the auditor during the course of the review, and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Effectiveness of arrangements

- The definitions of the effectiveness of arrangements are set out below. These are based solely upon the audit work performed, assume business as usual, and do not necessarily cover management override or exceptional circumstances.

| | |
|---------------------------|--|
| In place | The control arrangements in place mitigate the risk from arising. |
| Partially in place | The control arrangements in place only partially mitigate the risk from arising. |
| Not in place | The control arrangements in place do not effectively mitigate the risk from arising. |

Assurance Assessment

- The definitions of the assurance assessments are:

| | |
|------------------------------|--|
| Substantial Assurance | There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved. |
| Reasonable Assurance | The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved. |
| Limited Assurance | The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved. |
| No Assurance | There is a fundamental breakdown or absence of core internal controls requiring immediate action. |

Acknowledgement

- We would like to thank staff for their co-operation and assistance during the course of our work.

Release of Report

- The table below sets out the history of this report.

| Stage | Issued | Response Received |
|-----------------------------------|--------------------------------|--------------------------------|
| Audit Planning Memorandum: | 14 th February 2022 | 14 th February 2022 |
| Draft Report: | 10 th May 2022 | 23 rd May 2022 |
| Final Report: | 24 th May 2022 | |

AUDIT PLANNING MEMORANDUM

Appendix B

| | | | |
|------------------------|---|--------------------|--------------|
| Client: | Thetford Town Council | | |
| Review: | Annual Governance and Accountability Return | | |
| Type of Review: | Assurance | Audit Lead: | Chris Harris |

| | | | |
|---|--|---|--|
| Outline scope (per Annual Plan): | The purpose of the review was to undertake sufficient audit work to be able to sign off the Annual Governance and Accountability Return for Internal Audit. | | |
| Detailed scope will consider: | <p>Directed</p> <p>Governance Framework: There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.</p> <p>Risk Mitigation: The documented process aligns with the mitigating arrangements set out in the corporate risk register.</p> <p>Compliance: Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.</p> | <p>Delivery</p> <p>Performance monitoring: There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.</p> <p>Financial constraint: The process operates with the agreed financial budget for the year.</p> <p>Resilience: Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.</p> | |
| Requested additions to scope: | (if required then please provide brief detail) | | |
| Exclusions from scope: | | | |

| | | | | | |
|----------------------------|------------|---------------------------|------------|--------------------------------------|-----------------------------|
| Planned Start Date: | 06/04/2022 | Exit Meeting Date: | 05/05/2022 | Exit Meeting to be held with: | Tina Cunnell and Alan Yorke |
|----------------------------|------------|---------------------------|------------|--------------------------------------|-----------------------------|

SELF ASSESSMENT RESPONSE

| Matters over the previous 12 months relating to activity to be reviewed | Y/N (if Y then please provide brief details separately) |
|---|--|
| Has there been any reduction in the effectiveness of the internal controls due to staff absences through sickness and/or vacancies etc? | N |
| Have there been any breakdowns in the internal controls resulting in disciplinary action or similar? | N |
| Have there been any significant changes to the process? | N |
| Are there any particular matters/periods of time you would like the review to consider? | N |