

DRAFT

Thetford Town Council


Assurance Review of Annual Governance and Accountability Return

2022/23

May 2023

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 is a well-run Town Council
- Governance, risk and control are all well managed by the Town Council which is demonstrated by comprehensive agenda/minutes of the Council and Committees
- Further consideration given to maintaining the Council's website up to date and in line with approved policies and procedures

GOOD PRACTICE IDENTIFIED

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

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	Financial Regulations - these were approved and adopted on the 29 October 2019. Standing Orders (Section 18 second 'a') states that Financial Regulations should be reviewed annually? The auditor was informed that the Town Council do check annually to see whether Financial Regulations need to be reviewed (this is normally done by the Finance Office and Deputy Town Clerk, the Chair of Finance, and the Town Clerk). The last time they were updated was March 2022. There was no need for them to be updated following a review in March 2023. Health and Safety Handbook, Health and Safety Policy and Health and Safety Statement. These were all approved and adopted in 2016, however each document states that they will be reviewed annually. The auditor was informed that the web site does need updating. The Town Council are trying to get a new and improved website in place, but it is taking time to do so, which will include updating any policies.	The website be maintained and updated to reflect the approved policies of the Town Council	3	<p><i>There is no systematic system to update the website and a procedure will need to be developed after every Council meeting when policies are updated.</i></p> <p><i>The new website is being finalised and should be in place soon. This will facilitate the easy updating and monitoring of the website. There is also the need to introduce an archiving process.</i></p>	<p>27/06/2023</p> <p>31/07/2023</p>	<p>Finance Officer</p> <p>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

- A selection of the Town Council's Policies and Procedures were reviewed which included: Standing Orders - these were in order; Financial Regulations and Health and Safety (see recommendations for details regarding these two Policies)
- The minutes of the full Council meeting held on the 28 February 2023 was reviewed and found to be comprehensive and demonstrated good governance by the Town Council.
- The following Committee minutes and recommendations were adopted by Full Council at its meeting on the 28 February 2023: Personnel Committee 7 February 2023; Planning Committee 7 February 2023; Venues and Communications Committee 8 February 2023; Amenities Committee 15 February 2023; Heritage and Town Events Committee 16 February 2023; and Finance Committee 21 February 2023. A review of these Committee minutes demonstrated good governance.
- 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. 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.

Other Findings



A selection of risks as per below were selected for a more detailed review:

- 1) Risk Management (risk area 1). 1.8 Failure to maintain access to Council online accounts. This has a “Likelihood score of 4” on a 3 point scale. The auditor was informed that this was a typing error and has been corrected.
- 2) Risk Management (risk area 2). 2.3 Failure to recover monies due to the Council by GW Staniforth for expenses paid by the Council on its behalf. Failure to update the banking mandate of GW Staniforth. The auditor questioned how much money was involved here and was informed that the balance as at 31 March 2023 was £182,085.54.
- 3) Risk Management (risk area 3). 3.7 Charles Burrell Centre is an independent organisation, operating on a sub lease from Thetford Town Council (TTC) who lease from Norfolk County Council (NCC). The Town Council have no control but could be financially liable for breaches within the lease and any rent increases imposed by the owner. This appears to be an unsatisfactory position to be in and the auditor questioned why wasn’t the sublease identical to the main lease with NCC so that any issues arising Thetford TC would be indemnified via the sub lease? The auditor was informed that the lease was entered into a very long time ago and current staff cannot explain why it was structured in the way it is. The Council are trying however, to re-negotiate the lease but it is proving difficult.
- 4) Risk Management (risk area 4). 4.7 Restriction of access to cash resources due to undefined financial crisis. Service interruption, inability to maintain payments to creditors - has an implementation date on 31 March 2021. The auditor questioned whether it had been implemented? The auditor was informed that the Investment Policy was reviewed in February 2022. (Agenda Item 764/21). The date should have been updated to reflect this review. The risk, however, needs to be reconsidered in 2024 and will be better worded to reflect how it is mitigated.
- 5) Risk Management (risk area 4). 4.9 Inadequate maintenance of Council owned historical building. Council may have inadequate funds to finance the repairs required to bring into a safe and usable condition. This has a 3x3 (9) risk score. According to your definition this “requires action” and “requiring immediate action.” Sounds very high risk and in need of immediate attention. How is the obtaining of funding going? The auditor was informed that there is funding from the Heritage Lottery Fund for some of the building risks in the Guildhall. There is also funding to put together a Heritage Masterplan, which is in progress. The Masterplan has to be completed by the end of this calendar year (December 2023) and will contain projects to assist the Town Council to manage their historic building risks.



The Town Council use Sage software for their accounting records which includes debtor and creditor accounting.



At the time of the audit (April 2023) a trial balance was prepared. This was up to date and in balance.



An Aged Creditors Detailed Analysis was produced at the 18 April 2023. There were no aged outstanding debits on the listing.



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.



While individual payments have not been selected for a detailed review a copy of the nominal ledger for all payments made from April 2022 was reviewed. This confirmed that the payment process and recording was working well and that the payments made reflected the services of a Town Council.



Allotments

The Town Council use the Rialtas system to manage their allotments. They bill all allotment holders through that system but do not raise the invoices in SAGE. They then follow up all invoices until paid. Only one tenant is in dispute for this year (22/23) who claims they have paid but the Town Council have no record, the Town Council will terminate the agreement at renewal and recover any outstanding rental from the deposit. The Town Council have moved from a manual system of allotment agreements to paperless. Their system is robust and the Finance Officer and Deputy Town Clerk is confident that all agreements are in place.

Other Findings



Burials

The Town Council use Scribe to maintain their database of burials. There is a formal register in place which is kept up-to-date. The Town Council ensure that payment is made in advance and that only BRAMM or NMM registered stone masons are allowed to put up headstones. The Town Council's works yard is also based at the cemetery, so the works team staff keep an eye on changes at the Cemetery. The burials staff are highly skilled in cemetery administration.



Hall Hire

The hall hire is controlled by a web based programme on the Town Council's website. The Town Hall team record all bookings in account 2106. Every month a comparison is made between account 2106 and the booking sheets and the forms that hirers and the venues staff sign at the commencement of every booking. Not all bookings are paid through the website, some organisations pay via BACS rather than by credit/debit card. The Town Hall have steadily improved procedures over time and the Finance Officer and Deputy Town Clerk is confident that all bookings are billed, as required.



Leases

Apart from the Red Lion Lease (JW Wetherspoons) all leases are managed by a property management company. They are responsible for managing the billing, collection and setting of rents. The Town Hall receive remittance advices so that they can ensure that all income is received



The precept for 2022 23 increased by 2.82% from £125.32 to £128.86 for a Band D property. This was approved by the Finance Committee meeting held on the 23 November 2021 and full Council on 30 November 2021.



There are a number of aged debits and credits on the aged debtors account. All of these were queried with the Finance Officer and Deputy Town Clerk who has provided a satisfactory explanation for each one.



There have not been any write offs in the period.



Petty cash is still used for minor cash purchases which would include: stationery and refreshments. All vouchers are authorised before or when petty cash is disbursed.



As at the 31 March 2023 there was a balance of £94.06 recorded as petty cash. During the year, some £566.72 had been spent on petty cash items. Petty cash was in balance and in order.



The payroll for all (18) staff for the month of March 2023 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 which is updated annually. This was reviewed and found to be in order and in balance with Sage accounting.

Other Findings



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	-	-
S	Sustainability The impact on the organisation's sustainability agenda has been considered.	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 was approved by Council when the Finance Minutes were approved at the Council meeting of 30 November 2021. The precept was approved on 30 November 2021 under item 574/21. Each committee (not Planning as no budget) at each meeting review their own budget. The Finance Committee at each meeting will review the consolidated budget for all Committees. This was reviewed and found to be in order.
- General Reserves are reported and monitored through the Projects Budget. A statement of reserves is included in the budget document and is based on the latest projection of capital project spend. This was reviewed and found to be in order.
- The Council maintain forecasting arrangements that support future years precept requirements.
- The Council has recently revised their credit control policy which will apply to the 2023/24 financial year. The Council have had challenges due to the closure of some local banks. The Council now use the Post Office to bank monies.
- Bank reconciliations are regularly undertaken. At the end of March 2023 bank statements were reviewed and confirmed that accounts had been reconciled at the 31 March 2023.
- The Town Council is operating within its approved budget for the 2022/23 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.

Scope and Limitations of the Review

1. 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

2. 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

3. 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

4. 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

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

Release of Report

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

Stage	Issued	Response Received
Audit Planning Memorandum:	11 th April 2023	14 th April 2023
Draft Report:	26 th May 2023	
Final Report:		

AUDIT PLANNING MEMORANDUM

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>Sustainability: The impact on the organisation's sustainability agenda has been considered.</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:	N/A		

Planned Start Date:	19/04/2023	Exit Meeting Date:	25/05/2023	Exit Meeting to be held with:	Alan Yorke
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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

