

Report to Eye Town Council

The End-of-Year Internal Audit for the year ending 31 March 2021

1. Introduction and Summary.

1.1 The Internal Audit for the year 2020/21 was undertaken during a period of time when many restrictions were still in place following the covid-19 pandemic with continuing restrictions on people meeting and social distancing still in place.

1.2 Accordingly, the essential information required for the completion of the Internal Audit was e-mailed by Mrs Wendy Alcock, the Clerk/Responsible Financial Officer (RFO) to the Internal Auditor, who undertook the work remotely/electronically. The Zoom platform was also used to provide contact with Mrs Alcock during the audit. All relevant published data held on the Council's website was accessed and the Scribe Accounting System's 'read-only' facility was utilised by the Internal Auditor. This detailed Audit Report and the Annual Internal Audit Report within the Annual Governance and Accountability Return (AGAR) were accordingly completed. Any areas that could not be covered as a result of these remote-working arrangements have been recorded in this report in order that they can be addressed at a later date, either at the next scheduled internal audit or when circumstances permit.

1.3 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. The Council demonstrates many examples of good management and financial control. These include the agreement and setting of Strategic Priorities and the on-going review of Business Plans. The Council maintains a wide range of formal Policies, Procedures and Protocols which provide a sound base for effective and efficient governance. The Council is continuing to work on the implementation of the Eye Neighbourhood Development Plan, a local referendum having been held on 6 May 2021 which received a Majority vote for 'yes' from the electorate. Details can be found on the following link [Declaration of Result on Eye NDP Referendum.](#)

1.4 This End-of-Year Internal Audit confirmed that the Clerk/RFO continues to successfully deliver efficient and effective financial administration, including the advanced use of the Scribe Accounting System. and produces satisfactory financial management information to enable the Council to make well-informed decisions. During the challenging times of the pandemic the high quality of the Council's financial control documentation was maintained and provides evidence of the operation of adequate and effective internal financial controls.

1.5 The Accounts for the year confirm the following:

Total Income for the year: £140,745.58
Total Expenditure in the year: £150,879.04
Total Reserves at year-end: £144,959.45 (of which £81,951.50 is earmarked)

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

<i>Balances at beginning of year (1 April 2020):</i>	<i>Box 1: £155,093</i>
<i>Annual Precept 2020/21:</i>	<i>Box 2: £105,102</i>
<i>Total Other Receipts:</i>	<i>Box 3: £35,644</i>
<i>Staff Costs:</i>	<i>Box 4: £58,752</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £4,218</i>
<i>All Other payments:</i>	<i>Box 6: £87,909</i>
<i>Balances carried forward (31 March 2021):</i>	<i>Box 7: £144,960</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £143,171</i>
<i>Total fixed assets:</i>	<i>Box 9: £133,058</i>
<i>Total borrowings:</i>	<i>Box 10: £100,375</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. The Interim Internal Audit Review undertaken on 23 October 2020 supports and informs this End-of-Year Review, which, overall, is aimed to provide all necessary evidence to support the completion of the Annual Internal Audit Report within the 2020/21 AGAR.

1.9 Comments and any recommendations arising from the End-of-Year 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 Standing Orders are in place. The previous year's annual review of Standing Orders was undertaken by the Finance and Governance Committee on 7 November 2019. The Full Council agreed and adopted the updated Standing Orders at its meeting on 20 November 2019 (Minute 9.3 refers). At its meeting on 15 July 2020 the Council adopted amendments to the Standing Orders to include changes relating to the holding of remote meetings (Minute 9.4 refers). A copy of the Standing Orders has been published on the Council's website.

2.2 NALC has since published revised Model Standing Orders (entitled 2018 revised 2020) with amendments at Section 18 (items f and g) to reflect the changes in the thresholds for public service or supply and public works contracts. This amendment can be included at the Council's next review of Standing Orders.

2.3 Financial Regulations are also in place. The Regulations adopted by the Council in November 2019 reflected the model Financial Regulations published by the National Association of Local Councils (NALC) in August 2019. During 2020/21 the Clerk/RFO updated Financial Regulations to reflect the Council's current Internet Banking arrangements, the emphasis being placed on electronic payments and the financial and management controls being exercised. The revised Regulations were reviewed by the Finance and Governance Committee on 5 November 2020 and adopted by Full Council on 18 November 2020 (Minute 11.2 refers). A copy of Financial Regulations has been published on the Council's website.

2.4 NALC has since advised that its Model Financial Regulations have been revised to reflect the changes in the thresholds for public service or supply and public works contracts. The amendment to item 11.1 (c) can be included at the Council's next review of Financial Regulations.

2.5 At its meeting on 20 May 2020 the Council agreed and adopted a Terms of Reference document for its Committees and approved the revised Committee structure and membership (Minute 12.2 refers). Following new Councillors joining Committees, at its meeting on 15 July 2020 the Council considered and adopted an up-dated Committee Membership Schedule (Minute 9.5 refers).

2.6 The Council has a Strategic Priorities document in place. The document was reviewed by Councillors in a Workshop on 29 October 2020 (Minute 11.7 refers). At its meeting on 18 November 2020 the Council noted and approved the review of priorities agreed at the Workshop and agreed for the updated document to feed into the Budget and the detailed Business Plan.

2.7 The Finance and Governance Committee considered a Draft Business Plan for 2020/21 at its meeting on 4 June 2020. The Plan had been transferred into a new format subsequent to the Councillors' Workshop held earlier in the year. The Clerk/RFO updated and re-presented the Plan to the Committee at its meeting on 2 July 2020. The Plan is a 'live' document and is being reviewed regularly to ensure that all items included in the Plan are current. The Committee demonstrated good practice by resolving that a new standard agenda item for 'Updates to the Business Plan' would be included on each Committee Agenda going forward. The Full Council formally adopted the Business Plan for 2020/21 at its meeting on 15 July 2020 (Minute 9.3 refers).

2.8 The Clerk/RFO presented the Business Plan for 2021/22 to the Finance and Governance Committee on 4 February 2021. The Plan had been updated with the agreed budgets for 2021/22 and in accordance with the Council's Priorities as agreed in the Workshop held on 29 October 2020. At its meeting on 17 March 2021 the Full Council accepted and adopted the final version of the Business Plan 2021-22 (Minute 10.3.3 refers).

2.9 At its meeting on 20 May 2020 the Council formally agreed to adopt the General Power of Competence (GPoC) following a recommendation put forward by the Finance and Governance Committee on 7 May 2020. The Council declared that it was an eligible Council to use GPoC, as it met the criteria of at least two-thirds

elected Councillors and has a suitably qualified Clerk who has completed the relevant training and holds the Certificate in Local Council Administration (Minute 12.6 refers).

2.10 The Minutes of the Council and the Committees are well presented and provide clear evidence of the decisions taken by the Council and its Committees.

2.11 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 ZA059872 refers, expiring 19 June 2021). Since 1 April 2019 the role and responsibilities of the Data Protection Officer (DPO) have been undertaken by the Clerk/RFO and are now built into her job description. Whilst there is no legal requirement for a local council to appoint a DPO, the Council has demonstrated good practice by making such an appointment.

2.12 The Council demonstrates compliance with the General Data Protection Regulations (GDPR) through its adoption of a Data Protection Policy, an Information Protection Policy and an Information Security Incident Policy. These Policies were reviewed and re-adopted by the Council at its meeting on 20 May 2020 (Minute 12.7 refers) following a recommendation from the Finance and Governance Committee on 7 May 2020. The Council also maintains a Retention of Documents Policy and a Social Media and Electronics Communications Policy in response to the requirements of the GDPR. The Policies have been published on the Council's website.

2.13 The Council demonstrates good practice by maintaining a wide range of formal Policies and Procedures in addition to those relating to Data Protection. The Clerk/RFO maintains a schedule of current policies, including the frequency of review and the date of the next planned review. As part of these arrangements, at its meeting on 20 May 2020, the Council reviewed and agreed the Complaints Procedure, Freedom of Information Publication Scheme and Dealing with the Press and Media Policy (Minute 12.7 refers) following a recommendation from the Finance and Governance Committee's meeting on 7 May 2020. The Policies have been published on the Council's website.

2.14 Similarly, following recommendations by the Finance and Governance Committee, the Council adopted the Grant Award Policy, Councillor Induction Programme/Policy, Equal Opportunities Policy and Health and Safety Policy at the meeting on 16 September 2020. A Discipline, Capability and Managing Poor Performance at Work Policy was adopted by the Council on 21 October 2020, a Child and Adults at Risk Policy on 18 November 2020 and a Grievance Procedure and a Storage of Valuables Policy on 20 January 2021.

2.15 The Council demonstrates good practice by periodically re-adopting the Code of Conduct, which details the requirements and responsibilities placed upon each individual Councillor. The Suffolk Local Code of Conduct was reviewed by the Finance and Governance Committee at its meeting on 6 February 2020 and the Code was subsequently re-adopted by the Council at its meeting on 19 February 2020 (Minute 9.3 refers). Local Councils were consulted on a new model Code of Conduct for Councillors during 2020; the Clerk/RFO advised Councillors of the draft

model through the distribution of papers from the Suffolk Association of Local Councils (SALC).

2.16 The Council continues to recognise the importance of the training of Councillors and Staff. Councillors participated in the on-line Councillor training provided by SALC during 2020/21. The Council also agreed at the meeting on 21 October 2020 that it would be mandatory for newly appointed Councillors to attend the relevant training sessions within a year of taking up office as part of their acceptance of office.

2.17 With regard to the website accessibility regulations which came into effect on 23 September 2020, the Clerk/RFO completed an Accessibility Assessment and at its meeting on 16 September 2020 the Council adopted a Website Accessibility Statement, a copy of which has been published on the Council's website. The Council demonstrates good practice in publishing the Statement, which details what the Council has done to ensure that as many people as possible are able to use the website, any areas of the website that may not be fully accessible or where there would be a disproportionate burden to secure full accessibility with contact details to report accessibility problems.

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 Scribe Accounting System satisfactorily maintains the Council's Receipts and Payments accounting system and was seen to be in good order. Scribe is a cloud-based operating system, accessed by personal log-in and password, and can be accessed through any internet platform and connection, not only the Clerk/RFO's laptop computer.

3.2 During the Interim Audit in October 2020 and during this End-of-Year Audit, sample tests were undertaken on the system to confirm the adequacy and integrity of the accounting arrangements in place and all was found to be in order. The system is well referenced and overall provides a good audit trail to the supporting invoices and other documentation in place. VAT payments are tracked and identified within the Cashbook.

3.3 The Council resolved to move from a Receipts and Payments accounting system to an Income and Expenditure accounting system following consideration by the Finance and Governance Committee on 6 February 2020. The Committee's recommendation to change to Income and Expenditure accounting from the 2019/20 year was approved by Full Council on 19 February 2020 (Minute 9.1 refers).

3.4 The Cashbook within the Scribe Accounting System as at 31 March 2021 was found to be in good order and well presented. The data recorded has acted as the basis for the completion of the 2020/21 AGAR. The data relating to Payments and Receipts maintained within the Scribe system is well referenced and provides a good audit trail to the Bank Statements and electronic payment vouchers. The overall data held provides good evidence in support of the payments made and income received.

In addition, the Minutes of each Council meeting continue to provide a clear record of the payments made.

3.5 The Clerk/RFO is extremely competent in dealing with the essential elements of the system and undertakes all necessary up-dates, report generation and regular reconciliation between the Accounts and the Bank Statements.

3.6 As reported by the Internal Auditor in October 2020, a step-change improvement was secured by the Clerk/RFO through the inclusion of an electronic copy of each invoice/voucher against the payment details listed within the Scribe system. This has enabled the Internal Auditor to undertake a sample of checks, under remote working arrangements, to ensure that payments agreed with the supporting invoice/voucher and that the VAT element within payments was appropriately accounted for within the Scribe system. The testing of a sample of payments found all the transactions examined to be in order.

3.7 During the course of the financial year the Scribe system operates on a Receipts and Payments basis and it is only as part of the year-end process as at 31 March that the system reverts to an Income and Expenditure system with an Income and Expenditure Account and Balance Sheet produced.

3.8 The Council is registered with HMRC for VAT purposes. The Scribe operating system is effective in assisting with the monthly digital VAT returns to HMRC, the relevant software having been built into the system. The Council is registered to make monthly VAT submissions to HMRC digitally, the Council achieving Tax Digital status at the beginning of the tax year 2019/20. The VAT re-claims to HMRC are completed on a monthly basis. There is an outstanding claim to HMRC of £1,787.99 for the VAT paid during March 2021 and this has correctly been placed in the Balance Sheet as VAT Recoverable (as a Debtor).

3.9 The Scribe system continues to record Asset Register information and allotment income (with each allotment holder being listed in the system to enable sales invoices to be prepared and debtors monitored). The Clerk/RFO confirmed that the work regarding the transfer of data from the bound Cemetery Ledgers into Scribe's Cemetery Management System is continuing. The Clerk/RFO has completed the Burial Register and is currently working through the purchased graves. Any new interments or purchases are being entered directly onto the Cemetery Management System.

3.10 From 1 June 2021 the Council will begin to operate a new Booking System, which the Clerk/RFO is currently developing with Scribe Accounting. The system will include the bookings for the Council Chamber and Main Hall. The progress of the new system will be reviewed at the next Interim Internal Audit in 2021/22.

4. 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)

4.1 The End-of-Year Accounts for the year 2020/21 were prepared on an Income and Expenditure basis, the Council having previously resolved to move from the Receipts and Payments accounting basis.

4.2. 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 Scribe system to validate the entries. Sample audit trails were examined and were found to be in good order.

4.3 There were no Listed Debtors displayed in the Balance Sheet as at 31 March 2021 other than the £1,787.99 outstanding payment due to the Council from HMRC in respect of VAT paid in March 2021 and subject to recovery from HMRC.

4.4 There were no Listed Creditors (outstanding accounts received but not yet paid by the Council) displayed in the Balance Sheet as at 31 March 2021.

4.5 A Statement of Variances (explaining significant differences in receipts and payments between the years 2019/20 and 2020/21) has been prepared by the Clerk/RFO for submission to the External Auditor and publication on the Council's website.

4.6 The Community Infrastructure Levy (CIL) Annual Report for the year 2020/21 was presented to the Internal Auditor. The CIL Annual Report shows the amount of CIL Receipts retained as at 31 March 2021 were £1,360.29, a reduction of £60 from the beginning of the year, reflecting the application of CIL Funds towards the printing of the Eye Neighbourhood Plan documents.

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

5.1 Bank Reconciliations and supporting details are presented to the meetings of the Council as a matter of routine by the Clerk/RFO and are formally noted by Councillors.

5.2 The Internal Auditor examined the Bank Reconciliation as at 31 March 2021 presented to the Council at its meeting on 21 April 2021. The Reconciliation was confirmed to be correct.

5.3 The Bank Statements as at 31 March 2021 in respect of the Council's Barclays Business Current Account (£62,684.34) and the Business Savings Account (£49,278.41) agreed with the entries in the Bank Reconciliation and the End-of-Year Accounts. A copy of the statement dated 31 December 2020 in respect of the National Savings Investment Account (£31,240.21) was presented to the Internal Auditor.

5.4 The Petty Cash balance as at 31 March 2021 was recorded as £128.69. There was a nil outstanding Barclaycard Credit Card balance recorded in the End-of-Year Accounts. Due to the remote working arrangements the cash-in-hand balance and the documentation and vouchers relating to the Petty Cash Account and the Credit Card were not verified. The Clerk/RFO confirmed that the Petty Cash is being held securely.

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

Precept 2020/21: £105,102 agreed by Council on 18 December 2019 (Minute 9.2).

Precept 2021/22: £131,076 agreed by Council on 20 January 2021 (Minute 10.2).

6.1 The Budget and Precept decisions and amounts were agreed in Full Council and have been clearly Minuted.

6.2 The 2020/21 Budget document was considered by the Finance and Governance Committee on 5 December 2019 and approved by the Council at its meeting on 18 December 2019. The detailed Budget document constructed by the Clerk/RFO acted as a sound basis on which the Council was able to undertake budgetary control and scrutiny during the 2020/21 year.

6.3 The Finance and Governance Committee receives, at each meeting, a Budget Monitoring Report which compares the income and expenditure to date with the budget available under each heading. The Clerk/RFO confirmed that each Committee Chair now attends the Finance and Governance Committee meetings (the Chairs of Planning and Environment Committees attend as non-voting members and the other Chairs are members of the Committee in their own right). The Council demonstrates good practice by ensuring that Councillors receive regular reports of the income and expenditure in the year compared against the budget. In this way, Councillors will have the opportunity to receive sufficient information and data to make informed decisions and, specifically, will be in a position to identify any significant variations from budget and recommend any remedial action to the Council as necessary.

6.4 The Half-year Budget Monitoring Report was presented to the Finance and Governance Committee at its meeting on 3 September 2020 and then to Full Council on 17 September 2020 (Minute 13.4 refers). The Report identified no major issues apart from the shortfall of income from the Town Hall due to the covid-19 restrictions.

6.5 An up-dated Budget Setting Report (Version 2, 2021/22) was presented to the Finance and Governance Committee at its meeting on 7 January 2021. The Budget was agreed by the Committee and accepted by Full Council on 20 January 2021. The Committee's recommendation for a Precept of £131,076 for the year 2021/22 was also formally approved by Full Council on 20 January 2021.

6.6 The Budget document for 2021/22 is both detailed and informative and can act as a sound basis on which the Council can operate effective budgetary control and scrutiny during the 2021/22 year.

6.7 During the Budget-setting process the Clerk/RFO ensured that the Council was made aware of the issues relating to its commitments and the need for forward planning and adequate reserves.

6.8 The Overall Reserves available to the Council at the year-end 31 March 2021 stood at £144,959.45 and included Earmarked/Restricted Reserves of £81,951.50.

6.9 The General Reserves (Overall Reserves less Earmarked/Restricted Reserves) were accordingly £63,007.95 and were in line with 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).

6.10 As at 31 March 2021 the Council maintained sufficient general reserves and contingency sums to meet, within reason, any unforeseen items of expense that may occur.

7. 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. Identifying VAT payments and re-claims. Any previous audit recommendations implemented).

7.1 The Clerk/RFO continues to demonstrate commitment to maintaining adequate and effective internal financial controls and continues to deliver efficient financial administration on behalf of the Council. The Clerk/RFO continues to exercise advanced use of the Scribe accounting system and maintains satisfactory documentation to evidence the operation of adequate and effective internal financial controls.

7.2 The Clerk/RFO ensures that Councillors are provided with comprehensive financial information and advice to enable them to make informed decisions. The Council has a standing agenda item under which the Clerk/RFO presents Financial Matters including current bank balances, the most recent bank reconciliation, a schedule of invoices for payment, the total of staff salaries for payment by bank transfer and significant items of income.

7.3 A Schedule of Payments and all supporting invoices/vouchers are no longer initialled by a designated Councillor to confirm the validity and accuracy of the payments being made. The Clerk/RFO explained to the Internal Auditor that payments are deferred until after each account payable has been approved by Full Council. Payments are made by bank transfer or direct debit and each invoice is linked to the payment record within the Scribe Accounting System. Having received approval of the Payments List at the Council meeting, the Clerk/RFO initiates the

payment and the counter approval by a Councillor, importantly, provides protection of the Council's position in terms of control over the payment eventually made.

7.4 The End-of-Year Internal Audit Report for 2019/20 (dated 1 May 2020) was presented to the Finance and Governance Committee at its meeting on 4 June 2020 and was noted and approved by the Council at its meeting on 17 June 2020 (Minute 10.4 refers).

7.5 The Council formally appointed the Internal Auditor for the 2020/21 year at its meeting on 20 May 2020 (Minute 12.4 refers) following the recommendation put forward by the Finance and Governance Committee on 7 May 2020 (Minute 8.3 refers). The Internal Auditor was directed to undertake two internal audit reviews in the financial year, an Interim (Half-yearly) Audit Review and an End-of-Year Internal Audit Review.

7.6 The Interim (Half-yearly) Internal Audit Report (dated 23 October 2020) was presented to the Finance and Governance Committee at its meeting on 5 November 2020 and was noted by the Full Council at its meeting on 18 November 2020 (Minute 11.3 refers).

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

8.1 The Council's Payroll Services are being operated by Guy McGregor and Associates, operating as the affiliate practice of the company trading as Sword and Trowel Bookkeeping Limited of Crowland, Peterborough (with a local office at 2 Lambseth Street, Eye).

8.2 The Clerk/RFO undertook a review of Payroll Services and reported to the Finance and Governance Committee on 5 November 2020. As the contract value was below £500 the Committee agreed to the Clerk/RFO's proposal to retain the services of Guy McGregor and Associates for the provision of Payroll Services for the Council employees. At its meeting on 18 November 2020 the Council noted and confirmed the recommendations of the Committee.

8.3 With regard to the procedure for calculating salaries and wages, a document detailing the current salary points and employment arrangements is maintained and acts as the basis for a Spreadsheet which calculates basic monthly salary payments and any overtime payments.

8.4 The Spreadsheet data is submitted to Guy McGregor and Associates, which undertakes all necessary calculations for PAYE, NI contributions and pension contributions. Guy McGregor and Associates, in turn, then e-mails to the Council (with a copy to individual members of staff, as appropriate) an electronic copy of payslips and details of payments to be made (net salary payments and the amounts due to HMRC) from which the Payments List is prepared. Electronic payments to staff are then made, in accordance with the approved procedure for accounts payable. The payments to staff by bank transfer are approved at each meeting of the Council.

8.5 At its meeting on 6 February 2020 the Finance and Governance Committee noted the minimum wage of £8.72 per hour effective from 1 April 2020 and that it would apply to all employees other than the Clerk/RFO and the Project Officer who are subject to NJC terms and conditions.

8.6 Following a recommendation by the Finance and Governance Committee, the Full Council, at its meeting on 16 September 2020, approved the NJC agreement of 2.75% salary increase for 2020/21 to apply to the Clerk/RFO and the Project Co-ordinator with effect from 1 April 2020 (Minute 9.1 refers).

8.7 At its meeting on 1 October 2020 the Finance and Governance Committee noted that the Clerk/RFO's accrued hours were increasing due to the hosting of all Committee meetings on Zoom resulting in an additional 10 working hours per month. The Committee recommended Council to pay up to 10 hours per month as overtime if claimed by the Clerk/RFO and this proposal was agreed by Full Council on 21 October 2020. The Toilet Cleaning Staff Salaries were reviewed by the Council at its meeting on 18 November 2020.

8.8 During the Interim Internal Audit undertaken in October 2020, the Internal Auditor undertook test checks on the salary payments being made as at September 2020 (and which reflected the pay awards as from 1 April 2020) and these were found to be in order. During the End of Year Audit the Internal Auditor undertook sample checks on the March 2021 salary payments and these were found to be in order.

8.9 With regards to meeting the requirements of the Pensions Act 2008 relating to Workplace Pensions, the Council submitted the required Re-Declaration to the Pensions Regulator on 6 August 2019. (The re-declaration of compliance confirms to the Pensions Regulator that the Council complies with its duties as an employer and has to be completed every three years).

9. Petty Cash and Business Debit Card (*Associated books and established systems in place*).

9.1 A Petty Cash system is in use, with transactions supported by receipts/vouchers. Although the amounts expended in this area are limited, the Internal Auditor is charged to examine the petty cash accounting controls as part of the Annual Governance and Accountability Return (AGAR) certification work. The balance of Petty Cash in hand as at 31 March 2021 is recorded as £128.69, a small reduction from the balance as at 31 March 2020 (£129.84) following purchase of postage stamps on 2 June 2020.

9.2 Similarly, a Barclaycard Credit Card is in use. The Scribe accounting system records an outstanding balance of £0 as at 31 March 2021. The items purchased by the Credit Card in March 2021 totalling £51.39 are included in the unrepresented payments figure of £379.19 in the Bank Reconciliation as at 31 March 2021.

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

10.1 The procedures in place for the receipt and recording of income provide that there is a clear audit trail from the income recorded in the bank paying-in book to the Scribe Accounting System. The Clerk/RFO is continuing to encourage debtors to pay directly into the Council's bank account in order to reduce the administration and costs associated with the handling of cheques and cash.

10.2 Some cash and cheques are still being received in respect of memorials and from some allotment holders on renewal of agreements in October each year. The Clerk/RFO advised the Internal Auditor that these are recorded as receipts in Scribe and paid over the counter at the bank, having been noted individually in the paying-in book. The Clerk/RFO receives cash from the stall holders from the Friday Market and this is similarly recorded in Scribe and listed in the paying-in book. As the audit was being undertaken remotely these particular controls were not examined but can be checked at the next scheduled audit or when circumstances permit.

10.3 A sample of the Receipts transactions was examined from the Internal Auditor's read-only access to the Scribe accounting system and all was found to be in order.

10.4 The Fees and Charges relating to the hiring of the Town Hall were reviewed by the Town Hall Committee on 28 May 2020. The Committee agreed that the fees and charges should remain unchanged in 2020/21. Any special events would be priced individually as the Committee had previously agreed. At its meeting on 17 June 2020 the Council noted and confirmed the Committee's decision (Minute 5.0 refers). The Half-Year Budget Monitoring Report presented to the Finance and Governance Committee on 3 September 2020 and to Council on 16 September 2020 noted the shortfall in income from the Town Hall due to the restrictions in force as a result of the pandemic.

10.5 With regard to other Fees and Charges being applied in 2020/21, at its meeting on 2 June 2020 the Environment Committee reviewed and agreed to increase allotment fees to £2.50 per rod for Eye residents and £3.50 per rod for Non-Eye Residents. At its meeting on 17 June 2020 the Council noted and confirmed the Committee's decision (Minute 9.0 refers).

10.6 The Environment Committee meeting on 4 February 2020 included a review of cemetery and memorial fees and charges and it was agreed to keep these unchanged for the year 2020/21.

10.7 With regard to the Fees and Charges for the Year 2021/22, the Town Hall Committee reviewed its fees and charges for the forthcoming year at its meeting on 14 January 2021 and agreed that they should remain unchanged for 2021/22. This was noted by Council at the meeting on 20 January 2021.

10.8 The Clerk/RFO confirmed to the Internal Auditor that as at 31 March 2021 there were no invoices which were significantly overdue. The List of Debtors at the year end 2020/21 within the Scribe system totalled £0 and this value has been entered into the Balance Sheet as at 31 March 2021.

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

11.1 At the meeting held on 20 May 2020 the Council considered and approved the Internal Control Statement for 2020/21 (Minute 12.5 refers) following the recommendation put forward by the Finance and Governance Committee on 7 May 2020 (Minute 8.4 refers).

11.2 The Council's Internal Control Statement for 2021/22 and the Risk Management Policy were reviewed by the Finance and Governance Committee at its meeting on 4 March 2021 and formally adopted by Full Council at its meeting on 17 March 2021 (Minute 10.3 refers).

11.3 The Council accordingly complied with the Accounts and Audit Regulations 2015 which require a review by the Full Council at least once each financial 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.

11.4 Individual Risk Assessments are programmed to be considered by Committees during November and December each year, prior to the formal presentation of the documents to the Full Council. Following recommendations from the appropriate Committees, the Risk Assessments for Asset Management, the Town Hall and the Skate Park and Pocket Park on Oak Crescent were approved by the Council on 14 December 2020.

11.5 Similarly, following reviews undertaken by the Environmental Committee on 2 March 2021, the Risk Assessments for Allotments, Cemetery, Churchyard, Market and Street Management were approved by the Full Council at its meeting on 17 March 2021 (Minute 9.2 refers).

11.6 At its meeting on 17 June 2020 the Council noted that the annual RoSPA safety inspection of the Skate Park and Pocket Park would be undertaken by the Play Inspection Company (through Mid Suffolk District Council) (Minute 9.0 refers). The Clerk/RFO confirmed to the Internal Auditor that the Inspection Reports had been received and acted upon by the Environment Committee.

11.7 Insurance is in place for the period 1 June 2020 to 31 May 2021. The Interim Internal Audit Report noted in October 2020 that the Clerk/RFO had examined the policy requirements and compared the cover with the Asset Register in order to ensure that all assets have appropriate cover and in order to present up-dated schedules to Councillors prior to the insurance renewal date.

11.8 The insurance schedule for 2020/21 was presented to the Council at its meeting on 20 May 2020. The Council accepted the policy proposal presented by WPS Insurance Brokers (Minute 14.5 refers).

11.9 At its meeting on 15 July 2020 the Council approved the renewal payment of £5,406.71. The insurance cover is held with Aviva Insurance and includes

Employer's Liability cover and Public Liability cover (each at £10m.) The Fidelity Guarantee (Employee and Councillor Dishonesty) cover stands at £250,000 which meets the current guidelines and ensures that all sums in the Council's bank accounts and cash holdings have appropriate insurance cover.

11.10 At its meeting on 15 July 2020 the Council also approved the insurance renewal premium of £361.00 relating to cover for cyber and commercial insurance.

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

12.1 A detailed Asset Register is in place and is supported by the Scribe system, each asset having been input into the accounting system. The Asset Register was reviewed by the Finance and Governance Committee at its meeting on 4 February 2021. The review of the Asset Register was approved by the Council at its meeting on 17 February 2021 (Minute 10.2 refers).

12.2 The Register displays a total cost value of £133,058 as at 31 March 2021, an increase of £1,208 over the value at the end of the previous year, 31 March 2020, reflecting the acquisitions in the year of a new HP laptop (£499), Printer (£169), Heras Fencing (£910) and the reduction in value following the removal from the Register of an Acer laptop (£374). In addition, four portraits have now been listed separately and each assigned a community/nominal value of £1 for purposes of the Asset Register.

12.3 The Register complies with current requirements which provide that each asset should be recorded on a consistent basis, year-on-year. For Audit and End-of-Year Return (AGAR) purposes, the Register displays values at original purchase cost or, where appropriate, at a nominal (community) value of £1.

12.4 The value of assets has been correctly recorded in Box 9 in Section 2 of the Annual Return (AGAR) for 2020/21.

12.5 The Council maintains an Assets of Community Value document (listing assets upon which the Council has first option to purchase should the assets enter the sale market). Following a report by the Project Co-Ordinator to the Finance and Governance Committee on 5 November 2020 the current List was reviewed by the Committee and consideration given to other facilities that could be put forward for listing.

13. External Audit (*Recommendations put forward or comments made following the annual review*).

13.1 The External Audit Report by PKF Littlejohn LLP for the year 2019/20 was reported to the Council at its meeting on 21 October 2020. The External Auditors raised no matters of concern and no qualifications were issued to the audit opinion.

The External Audit Certificate (Part 3 of the Annual Governance and Accountability Return) has been published on the Council's website.

13.2 When the Clerk/RFO completed the Annual Governance Statement 2019/20, for the Council's approval on 17 June 2020, the confirmation at Box 2 of Section 1 – that the Council 'maintained an adequate system of internal control including measures to prevent and detect fraud and corruption and reviewed its effectiveness'- was inadvertently entered as 'No'. A note has been appended to the Council's published Annual Governance Statement 2019/20 to explain the position (as reported to the Council on 21 October 2020).

14. Publication Requirements.

14.1 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.

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).

14.2 The Internal Auditor reported in his Interim Audit dated 23 October 2020 that the documents were readily accessible on the Council's webpage:

<https://www.eyesuffolk.org/town-council/council-meetings/eye-town-council-accounts-and-financial-returns/>

15. Additional Comments.

15.1 I would like to record my appreciation to Mrs Wendy Alcock, the Clerk/RFO, for her assistance during the course of this End-of-Year Internal Audit Review.



Trevor Brown, FCPFA

Internal Auditor

11 May 2021

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