

## **Report to Eye Town Council**

### **The End-of-Year Internal Audit for the year ending 31 March 2020**

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

1.1 The End-of-Year Internal Audit for the year 2019/20 was undertaken during the period of 'lockdown' following the coronavirus pandemic; at that time travel was severely restricted, social distancing was in place and many Clerks and Councillors were having to self-isolate.

1.2 In view of this unprecedented situation, 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 the reports 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 2019/20 year the Council maintained effective governance arrangements including a robust framework of financial administration and internal control. The Council demonstrated many examples of good management and financial control. These include the agreement and setting of Strategic Priorities and the adoption and review of a wide range of formal Policies, Procedures and Protocols. The Council is continuing work on the implementation of the Eye Neighbourhood Development Plan, which has been reviewed by the Independent Examiner and is now due to go to a local referendum.

1.4 The End-of-Year 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. The high quality of the Council's financial control documentation was maintained during the year and provides evidence of the operation of adequate and effective internal financial controls.

1.5 The Council demonstrates good management practice by supporting the training and professional development of the Clerk/RFO who is to be commended for successfully completing her professional training and obtaining the CiLCA qualification in March 2020 which further confirms the Clerk/RFO's competence in management of the Council's accounts and financial controls.

1.6 The Accounts for the year confirm the following:

*Total Income for the year: £173,206.96*  
*Total Expenditure in the year: £166,600.99*  
*Total Reserves at year-end: £155,092.91 (of which £70.178 is earmarked)*

1.7 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 2019/20 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2019):</i>	<i>Box 1: £148,487</i>
<i>Annual Precept 2019/20:</i>	<i>Box 2: £91,068</i>
<i>Total Other Receipts:</i>	<i>Box 3: £82,139</i>
<i>Staff Costs:</i>	<i>Box 4: £55,868</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £10,311</i>
<i>All Other payments:</i>	<i>Box 6: £100,422</i>
<i>Balances carried forward (31 March 2020):</i>	<i>Box 7: £155,093</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £148,591</i>
<i>Total fixed assets:</i>	<i>Box 9: £131,850</i>
<i>Total borrowings:</i>	<i>Box 10: £107,827</i>

1.8 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 2019/20 within the AGAR.

1.9 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 26 October 2019 supports and informs this End-of-Year Review, which is aimed to provide all necessary evidence to support the completion of the Annual Internal Audit Report within the 2019/20 AGAR.

1.10 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 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).

2.2 Financial Regulations are also in place. The Clerk/RFO constructed revised Financial Regulations following recommendations put forward by the Internal Auditor and the changes applied within the new model Financial Regulations published by the National Association of Local Councils (NALC) in August 2019. These were

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considered and agreed by the Finance and Governance Committee on 7 November 2019 and adopted by Full Council on 20 November 2019 (Minute 9.2 refers). The revised Financial Regulations reflect the Council's current Internet Banking arrangements and Petty Cash facilities and the emphasis being placed on electronic payments and the financial and management controls being exercised.

2.3 At its meeting on 15 May 2019 the Council agreed and adopted a Terms of Reference document for its Committees and also approved the revised Committee structure and membership (Minute 9.2 refers).

2.4 As part of the development of the governance functions relating to asset management, at its meeting on 19 February 2020 the Council approved the recommendation from the Finance and Governance Committee to form an Asset Management Group as a Sub-Committee of that Committee (Minute 9.4 refers). The Sub-Committee would aim to ensure that best value would continue to be achieved for all Council assets. The Terms of Reference of the Asset Management Group were considered by the Finance and Governance Committee on 5 March 2020 and formally approved in Full Council on 18 March 2020 (Minute 9.2 refers).

2.5 The Council has a Strategic Priorities document in place. The document is programmed to be reviewed in October 2020. In addition, the Clerk/RFO has constructed an Eye Town Council Business Plan (April 2020 to March 2021) which is due to be considered at a future meeting of the Finance and Governance Committee.

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

2.7 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 2020). 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 (the meeting of the Finance and Governance Committee on 4 April 2019. Minute 4 refers). 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.

2.8 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 15 May 2019 (Minute 9.4 refers). The Council also maintains a Retention of Documents Policy and a Social Media and Electronics Communications Policy (approved at the Council's meeting on 20 June 2018) in response to the requirements of the GDPR.

2.9 The GDPR Compliance Report received from the Local Council Public Advisory Service (LCPAS), following work completed during 2018/19, was reported to the Finance and Governance Committee on 2 May 2019. The Report advised that the Council's compliance was acceptable but raised some issues which were listed for

the Committee's attention. The Clerk/RFO confirmed to Internal Audit that she has since addressed these issues in her role as the Council's DPO.

2.10 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. The Finance and Governance Committee has previously agreed to receive policies due for review, two at a time. As part of these arrangements, the Council approved and adopted the Equal Opportunities Policy and the Storage of Valuables Policy at its meeting on 17 April 2019 (Minute 10.2 refers).

2.11 The Council adopted the Green Cemetery Policy at the meeting on 17 April 2019 following the review and recommendation of the policy by the Environment Committee. The Council also reviewed and approved the Complaints Procedure, the Freedom of Information publication scheme and the Dealing with Press/Media Policy at its meeting on 15 May 2019 and a Health and Safety Policy at its meeting on 18 September 2019.

2.12 At its meeting on 16 October 2019 the Council adopted the Grant Award Policy following a recommendation from the Finance and Governance Committee's meeting on 3 October 2019.

2.13 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).

2.14 The Council is making appropriate preparations to ensure that the new website accessibility regulations will be complied with no later than 23 September 2020. The Clerk/RFO reported on this matter to the Finance and Governance Committee on 5 September 2019. The Clerk/RFO confirmed to the Internal Auditor that Echo Internet, the company hosting the Council's website, has a framework in place to accommodate compliance with the new accessibility requirements.

### **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 Internal Audit in October 2019, sample tests were undertaken on the system with the Clerk/RFO to confirm the adequacy and integrity of the

accounting arrangements in place. The Clerk/RFO demonstrated to the Internal Auditor the clear audit trail from the underlying financial records to the Accounts, with supporting invoices and vouchers in place. VAT payments are tracked and identified within the Cashbook.

3.3 The system is well referenced and overall provides a good audit trail to the supporting documentation.

3.4 The Council resolved to move from a Receipts and Payments accounting system to an Income and Expenditure accounting system following consultation with the Internal Auditor and consideration by the Finance and Governance Committee on 6 February 2020. The Clerk/RFO had carefully considered the implications for the financial management system and confirmed to Committee that there is only limited change to the year-end process (an Income and Expenditure Account and Balance Sheet is produced) and there is no change to data capture during the year. 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).

3.5 The Cashbook within the Scribe Accounting System as at 31 March 2020 was found to be in good order and well presented. The data recorded provides good evidence in support of the receipts and payments in the year and has acted as the basis for the completion of the 2019/20 AGAR.

3.6 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.

3.7 Payments made under Section 137 of the Local Government Act 1972 are recorded within the Scribe system. Individual payments made under Section 137 are reported to the Council and the approval of each payment under Section 137 is Minuted as a formal record. A Budget of £500 had been set for Section 137 payments in 2019/20, an amount which is within the statutory limit.

3.8 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.

3.9 The Clerk/RFO confirmed that the Payments List is signed at each meeting of the Council, currently by one of three designated authorised signatories. Cross referencing between the List and invoices/vouchers for payment is completed prior to electronic payments being actioned. Very few cheques are now prepared for payment. The invoices/vouchers for payment are also signed confirming the validity of the payment due to be made. Bank transfers are transacted on the day after the Payments List has been approved by the Council. The Minutes of each Council meeting continue to provide a clear record of the payments made.

3.10 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.

3.11 The Scribe system continues to record allotment income (with each allotment holder being listed in the system to enable sales invoices to be prepared and debtors monitored) and the Asset Register information. Work is currently continuing regarding the transfer of data from the bound Cemetery Ledgers into Scribe's Cemetery Management System.

**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 2019/20 were prepared on an Income and Expenditure basis, the Council having resolved to move from the Receipts and Payments accounting basis (see item 3.4 above).

4.2 The figures for the previous year (2018/19) have been re-stated in the AGAR and are displayed under comparative figures against the 2019/20 figures in order to ensure that valid comparisons between the two years can be made. The Clerk/RFO advised Internal Audit that the Scribe system does not provide for a reconciliation between the previous Receipts and Payments figures and the re-stated Income and Expenditure figures produced for the previous year.

4.3. The Income and Expenditure Account for the year 2019/20 and the Balance Sheet as at 31 March 2020 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.

4.4 The Internal Auditor discussed with the Clerk/RFO the Listed Debtors and Listed Creditors in the Balance Sheet as at 31 March 2020. The Listed Debtors (outstanding payments due to the Council) totalled £694 and consisted of Cemetery Fees due (£400) and Town Hall Rentals due (£294). The Current Assets in the Balance Sheet also correctly include the amount of VAT Recoverable from HMRC for months 11 and 12 (£6,759.58).

4.5 Listed Creditors (outstanding bills received but not yet paid by the Council) in the Balance Sheet totalled £951.87 and consisted of invoices received from TOP Garden Services for March 2020 (£339), Paul Durrant & Sons – Builders (£425), Guy McGregor & Associates - Payroll Services for months 10 to 12 (£114) and Crown Gas & Power (usage March 2020) (£73.87).

4.6 A Statement of Variances has been produced as at 31 March 2020 to support the submission of Section 2 – the Statement of Accounts – in the AGAR to the External Auditors and for publication on the Council's website.

4.7 The Community Infrastructure Levy (CIL) Annual Report for the year ended 31 March 2020 shows nil CIL Receipts in the year. Expenditure of £9,463.42 was



applied in the year to Traffic Management Survey (£5,450) and Neighbourhood Plan costs (£4,013.42). The amount of CIL Receipts retained as at 31 March 2020 was £1,785.90.

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

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

5.2 The Internal Auditor examined in detail the Bank Reconciliation as at 31 March 2020. The bank statements as at 31 March 2020 in respect of the Council's Barclays Business Current Account (£68,699.88), the Business Savings Account (£49,205.88) agreed with the entries in the Bank Reconciliation and the End-of-Year Accounts. A copy of the latest statement for the National Savings Investment Account (£31,016.90) was not available to Internal Audit as it was held at the Council's office, which is closed due to the current pandemic

5.3 The Petty Cash Balance of £129.84 displayed in the Bank Reconciliation and the End-of-Year Accounts was confirmed with the Scribe system entry as at 31 March 2020. Payments from Petty Cash are detailed in the Accounts Payable Lists presented for approval at each meeting of the Council.

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

Precept 2019/20: £91,068 agreed by Council on 19 December 2018 (Minute 11.1 refers).

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

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

6.2 The 2019/20 Budget document was considered by the Finance and Governance Committee on 8 November 2018 and approved by the Council at its meeting on 21 November 2018 (Minute 11.4 refers). The Council formally agreed a precept of £91,068 for the 2019/20 year at its meeting on 19 December 2018. 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 2019/20 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. A copy of the Monitoring Report is presented to each Committee Chair. The Council demonstrates good practice by ensuring that Councillors receive regular reports of the income and expenditure in the year

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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 for 2019/20 was presented to the Finance and Governance Committee at its meeting on 7 November 2019 and noted by Full Council on 20 November 2019 (Minute 12.4 refers).

6.5 A Budget Setting Report (2020/21) was presented to the Finance and Governance Committee at its meeting on 5 December 2019. The Budget included proposals put forward by the Chairs of the Committees holding budgets and, following consideration, a Budget for 2020/21 was agreed by the Committee and accepted by Full Council on 18 December 2019 (Minute 9.1 refers). The Committee's recommendation for a Precept of £105,102 for the year 2020/21 was also formally approved by Full Council on 18 December 2019 (Minute 9.2 refers).

6.6 The Budget document for 2020/21 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 2020/21 year.

6.7 During the Budget-setting process the Clerk/RFO ensured that the Council was made aware of the issues relating to commitments and forward planning and the need for adequate reserves. The Clerk/RFO presented a Reserves Report as at 31 January 2020 to the Finance and Governance Committee on 6 February 2020 and highlighted that there were a number of earmarked reserves made through previous Council decisions which considerably reduced the general reserves available.

6.8 The overall Reserves available to the Council at the year-end 31 March 2020 stood at £155,092.91, consisting of General Reserves of £84,914.91 and Earmarked Reserves of £70,178, as follows:

- a) Town Hall Refurbishments: £23,221
- b) Balance of receipt from insurance payment re: damage to streetlight: £1,000
- c) Repairs to Churchyard Wall: £2,000
- d) Community Infrastructure Levy Receipts: £1,786
- e) Skate Park - urgent works: £250
- f) Skate Park – waste collection: £250
- g) Wrigleys (Housing Grant less locality membership): £2,005
- h) Mayors on the stairs: £1,000
- i) Skip for Allotments: £500
- j) Toilet Refurbishment: £21,442
- k) Donation from Harvest Horkey (2019): £540
- l) To fund 2020/21 expenditure items: £16,184

6.9 The Council's General Reserves are in line with the generally accepted best practice that provides that General (non-earmarked revenue) Reserves should be equal to three to six months of gross expenditure in the year.



6.10 As at 31 March 2020 the Council accordingly 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 demonstrates commitment to maintaining adequate and effective internal financial controls and continues to deliver efficient financial administration on behalf of the Council. The Clerk/RFO exercises 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 continues to ensure 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 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 The Council's financial control framework includes the requirement that a Schedule of Payments and all supporting invoices/vouchers are initialled by a designated Councillor to confirm the validity and accuracy of the payments being made.

7.4 The End-of-Year Internal Audit Report for 2018/19 (dated 2 May 2019) was presented to the Finance and Governance Committee at its meeting on 6 June 2019 and was noted and approved by the Council at its meeting on 19 June 2019 (Minute 9.4 refers).

7.5 The Council formally appointed the Internal Auditor for the 2019/20 year at its meeting on 17 April 2019 (Minute 12.4 refers). The Internal Auditor was directed to undertake two internal audit reviews in the financial year, an Interim Audit Review in October 2019 and an End-of-Year Internal Audit Review in April/May 2020.

7.6 The Interim (Half-yearly) Internal Audit Report (dated 26 October 2019) was presented to the Finance and Governance Committee at its meeting on 7 November 2019 and was noted by the Full Council at its meeting on 20 November 2019 (Minute 12.5 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 (GM Accountants & Tax Consultants Ltd) - formerly 'Anglia Book-Keeping' - and 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 Payroll Services are provided at a cost of £4.50 per payslip and £3.50 per pension transaction. The Clerk/RFO advised Internal Audit that the detailed operation of the payroll by the service providers continues to be carefully monitored.

8.3 The Interim Internal Audit Report dated 26 October 2019 noted that it was not clear from the Council's records at what point the service provision changed from 'Anglia Book-Keeping' to 'Guy McGregor and Associates' and whether this was in name only or whether the change impacted upon the contractual relationship between the Council and the company acting as the service provider. This was of significance because sensitive personal data is being held by the payroll service provider and the contractual relationship between the Council and the service provider and respective roles and responsibilities must be clearly identified in order that the Council is not placed in a vulnerable position in the event of a breach of personal data. The Report had recommended that the Council should examine its relationship with the service provider to identify if the contractual position has changed in any way and to ensure that the Council's position is protected in the event of a breach of sensitive personal data by the new payroll provider.

8.4 The Clerk/RFO subsequently reviewed the contractual arrangements with Guy McGregor and Associates and reported to the Finance and Governance Committee on 6 February 2020. A Letter of Engagement with the payroll service provider was considered and agreed by the Committee and approved by Full Council on 19 February 2020 (Minute 9.2 refers). The Committee also agreed to submit a tender document for payroll services from the year 2021/22.

8.5 During the Interim Internal Audit in October 2019 the Clerk/RFO provided the Internal Auditor with the details of the procedure for calculating salaries and wages. A document detailing the current salary points and employment arrangements in place is maintained and acts as the basis for a Spreadsheet which calculates basic monthly salary payments and any overtime payments.

8.6 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 (viz. 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.

8.7 At its meeting on 3 October 2019 the Finance and Governance Committee noted that an increment was due to the Clerk/RFO and the Project Officer (with effect from 1 September 2019) in accordance with the salary reviews undertaken by the Council at the meetings held on 19 September 2018 (relating to the Clerk/RFO's salary) and on 16 January 2019 (relating to the Project Officer's salary, the scale and point of which was to be in line with the Clerk/RFO).

8.8 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 will apply to all employees other than the Clerk/RFO and the Project Officer who are subject to NJC terms and conditions.

8.9 During the Interim Internal Audit Review in October 2019 the Internal Auditor undertook test checks on the salary payments in place (and which reflected the increases agreed by the Council) and these were found to be in order.

8.10 The Clerk/RFO confirmed that the required Re-Declaration to the Pensions Regulator was completed on 6 August 2019 by the Payroll Services Provider.

8.11 The Council demonstrates good practice by supporting the training and development of Councillors and Council staff, including the Clerk/RFO's success in obtaining the CiLCA qualification during the year of account.

**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. The Internal Auditor examined and test-checked the operation of the Petty Cash system during the Interim Internal Audit undertaken in October 2019. The Petty Cash system was found to be operating satisfactorily.

9.2 Following the closure of the Eye Branch of the Council's Bank in 2018, the Council agreed to open a Business Debit Card, to be operated by the Clerk/RFO, to facilitate the periodic withdrawal of cash from an Automated Teller Machine to top-up the Petty Cash Account. However, the setting-up of a Business Debit Card is not being pursued as it is not a viable solution as cheques are drawn when the Petty Cash Account requires to be replenished.

**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 were reviewed with the Clerk/RFO during the Interim Audit in October 2019 and it was confirmed 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. However, some cash and

cheques are still being received from some Hall hirers and also from some allotment holders on renewal of agreements in October each year.

10.2 The charges relating to the hiring of the Town Hall increased from 1 April 2019 following the completion of the refurbishment of the Town Hall (the report to the Council on 17 April 2019, Minute 7 refers). Similarly, at its meeting on 17 July 2019, the Council agreed to an increase in placing large banners on the Town Hall (Minute 5 refers).

10.3 With regard to other Fees and Charges being applied in 2019/20, at its meeting on 5 March 2019 the Environment Committee reviewed and agreed to increase the cemetery and memorial fees, to be applied from 1 April 2019 (Minute 4 refers). The Committee's proposals were approved by the Council at its meeting on 20 March 2019 (Minute 8.1 refers). Allotment fees have remained unchanged other than an increase in deposits required from allotment holders, as approved by the Council at its meeting on 18 July 2018.

10.4 The List of Debtors as at 31 March 2020 within the Scribe system, totalling £694.00, was examined by the Internal Auditor. The value has been correctly listed in the Balance Sheet as at 31 March 2020

**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 The Council's Internal Control Statement was reviewed and agreed by the Finance and Governance Committee Council at its meeting on 5 March 2020 and formally agreed by Full Council at its meeting on 18 March 2020 (Minute 9.3 refers).

11.2 Similarly, the Council's Risk Management Policy and Risk Register were reviewed by the Finance and Governance Committee at its meeting on 5 March 2020 and formally adopted by Full Council at its meeting on 18 March 2020 (Minute 9.4 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. The Asset Management Risk Assessment was reviewed and agreed by the Finance and Governance Committee on 7 November 2019 and adopted by the Council on 20 November 2019 (Minute 9.1 refers). Similarly, at its meeting on 19 February 2020 the Council approved the risk assessments as reviewed by the Environment Committee (Minute 8.1 refers).

11.5 Insurance is in place for the period 1 June 2019 to 31 May 2020. The Clerk/RFO confirmed that she 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.

11.6 The insurance schedule for 2019/20 was presented to the Finance and Governance Committee on 2 May 2019 and the Committee agreed the insurance renewal schedule and premium due (Minute 8 refers). The Council accepted the policy proposal presented by WPS Insurance Brokers at its meeting on 15 May 2019 and approved the renewal payment of £5,041.04 at the meeting held on 19 June 2019. The insurance cover is held with Aviva Insurance and includes Public Liability cover for £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.

11.7 At its meeting on 17 July 2019 the Council considered and agreed the proposal from the Finance and Governance Committee of additional cover for cyber and commercial insurance; the payment of £305 was approved at the meeting on 18 September 2019.

**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 5 March 2020. The review of the Asset Register was approved by the Council at its meeting on 18 March 2020 (Minute 9.1 refers).

12.2 The Register displays a total cost value of £131,850 as at 31 March 2020, an increase of £2,232 over the value at the end of the previous year, reflecting the acquisitions in the year of Council Chamber tables (£1,986), Portable PA system for Town Hall (£207), Office Printer (£242) and the disposal of an Office Printer (£203).

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 the original purchase price is unknown, 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 2018/19.

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). The document was approved and adopted by the Council at its meeting on 21 November 2018 (Minute 11.5 refers).

**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 2018/19 was reported to the Council at its meeting on 18 September 2019 (Minute 14.5 refers). 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.

**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:

Before 1 July 2019 authorities must publish:

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

Not later than the 30 September 2019 authorities must publish:

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 was able to confirm 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*

**Trevor Brown, FCPFA**

**Internal Auditor**

**1 May 2020**