

Report to Trowse with Newton Parish Council

End of Year Internal Audit Review 2019/20

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, some Clerks and Councillors were having to self-isolate and many council offices were closed.

1.2 In view of this unprecedented situation, the essential information required for the completion of the Internal Audit was e-mailed by Mr Edward Leggatt, the Clerk/Responsible Financial Officer (RFO), to the Internal Auditor, who undertook the work remotely/electronically. 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 Council faced significant challenges during the year 2019/20, not least the changes within the key position of the Council's Clerk/RFO. Mrs Gina Lopes was in post at the beginning of the 2019/20 year and left the Council on 17 September 2019. Mrs Sarah Hunt took up the duties of Acting Clerk/RFO from 1 September 2019.

1.4 The new Clerk/RFO, Mr Edward Leggett, took up his duties from 1 December 2019 and handover work continued until Mrs Hunt left the role of Acting Clerk/RFO on 31 December 2019. Mrs Hunt has since re-joined the Council in a part-time administrative/support role.

1.5 The Council experienced significant difficulties during the initial months of the year regarding the management of its Lloyds Bank account due to signatory/mandate issues being unresolved. This necessitated an interim financial agreement being entered into with South Norfolk Council to facilitate payment of accounts.

1.6 Despite significant administrative challenges in the current year, the Council remains resolved to provide continuing and significant benefit to the community and to develop as an authority. The Council can point to a number of achievements including a step-change improvement in governance arrangements secured through the setting up of a Committee structure. In addition, the Council is resolved to work towards the completion of a Neighbourhood Development Plan and significant progress was achieved in the year, including the appointment of an Administrative Assistant.

1.7 The Accounts for the 2019/20 year confirm the following:

Total Receipts for the year: £77,348.13
Total Payments in the year: £75,635.49
Total Reserves at year-end: £135,512.22 (of which £85,235 is Earmarked)

1.8 The Annual Governance and Accountability Return (AGAR) to the External Auditors, PKF Littlejohn LLP, was examined and the figures listed below were agreed with the Clerk/RFO for inclusion in Section 2 – The Statement of Accounts 2019/20:

Balances at beginning of year (1 April 2019):	Box 1: £133,799
Annual Precept 2019/20:	Box 2: £67,006
Total Other Receipts:	Box 3: £10,342 (<i>see Note 1</i>)
Staff Costs:	Box 4: £23,827
Loan interest/capital repayments:	Box 5: £0
All Other payments:	Box 6: £51,808
Balances carried forward (31 March 2020):	Box 7: £135,512 (<i>see Note 2</i>)
Total cash/short-term investments:	Box 8: £135,512
Total fixed assets:	Box 9: £161,424
Total borrowings:	Box 10: £0

Note 1: Revised from £10,334 to £10,342 to reflect addition of interest received on Lloyds Business Account during 2019/20, not originally included in Accounts.

Note 2: Revised from £135,504 to £135,512 as result of increase in Box 3.

1.9 Sections One and Two of the AGAR are 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.

1.10 This End of Year Internal Audit Review has been carried out on the adequacy of systems of internal control in accordance with the agreed Audit Plan. The Interim Internal Audit Report completed during the year 2019/20 (dated 17 November 2019) supports and informs this End-of-Year review. Comments and any recommendations arising from the review are made below.

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

2.1 Standing Orders and Financial Regulations are in place and both were reviewed and approved by the Council at its meeting on 15 May 2019 (Minute 2019/013 refers).

2.2 The National Association of Local Council (NALC) issued new model Financial Regulations in August 2019 and these were considered and adopted by the Council at its meeting on 28 October 2019 (Minute 9.8 refers).

2.3 During the year 2019/20 the Council secured a step-change improvement in overall governance arrangements through the setting up of a Committee structure. The Council resolved to form a Personnel Committee at its meeting on 28 October 2019 and agreed the terms of reference and membership (Minutes 8.5 and 8.6 refer).

2.4 Also at its meeting on 28 October 2019 the Council agreed to form a Finance Committee and an Open Spaces and Property Committee and considered and agreed the Terms of Reference and Membership for both Committees (Minutes 8.5, 8.6, 9.6 and 9.7 refer).

2.5 The Council gave authority to the Personnel Committee to interview candidates and appoint a new Clerk/RFO. The Committee met on 1 November 2019 and appointed Mr Edward Leggatt, who was introduced to Full Council at the meeting on 25 November 2019, when the Contract of Employment was formally signed by the Chair and the Clerk/RFO. The Council noted that the hours of work had increased from 21 per month to 25 per month to reflect the additional Committees in place (Minute 20 refers).

2.6 At its meeting on 28 October 2019 the Council resolved to undertake the preparation a Neighbourhood Development Plan to secure added benefit to its residents and made significant progress on this work during the year. At the meeting on 9 December 2019 the Council agreed to recruit administrative support to the Neighbourhood Plan Steering Group. The Personnel Committee was delegated by the Council to consider and decide upon the employment of administrative staffing support for the Steering Group. Mrs Kate Leggett was subsequently appointed and was welcomed to the Council at its meeting on 20 January 2020 as the Neighbourhood Plan Administrative Assistant (Minute 7 refers).

2.7 The Council resolved to apply the General Power of Competence (GPoC) at its meeting on 28 October 2019; the Council declared that it was an eligible Council to use GPoC, having two-thirds elected Councillors and a suitably qualified Clerk, and adoption of the Power was agreed (Minute 8.1 refers).

2.8 The Interim Internal Audit Report highlighted the fact that whilst the Committee structure has enhanced the governance arrangements overall, the Council did not have formally identified and approved overall Strategic Objectives. The Report had recommended that the Council should consider the setting of Strategic Priorities to demonstrate good management and financial practice and to inform and support the preparation of future Budgets and the Neighbourhood Development Plan. The Clerk/RFO has advised Internal Audit that the Neighbourhood Plan Steering Group is currently working to set strategic objectives but progress has been impacted by the present pandemic.

2.9 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 ZA333675, expiring 26 March 2020). In order to meet the requirements of the General Data Protection Regulations (GDPR), the Council considered and adopted a Privacy Notice and an Information and Data Protection Policy at its meeting on 22 July 2019 (Minute 2019/046c refers). The Privacy Notice

was reviewed and adopted by the Council at its meeting on 28 October 2019 (Minute 8.14 refers).

2.10 The Interim Internal Audit Report on 17 November 2019 recommended that the Code of Conduct should be presented to Council during the year 2019/20 for consideration and approval as it is good governance practice for a local council to periodically review and re-adopt the Code, which details the requirements and responsibilities placed upon each individual Councillor. At its meeting on 25 November 2019 the Council reviewed and agreed the Code of Practice (Minutes 8.1 and 8.2 refer).

2.11 Similarly, it is good management practice for a local council to ensure that formal Policies, Procedures and Protocols are in place and are regularly reviewed, up-dated as necessary and receive formal approval in Full Council. As part of meeting good practice the Council resolved at its meeting on 28 October 2019 to adopt a Sickness/Absence Policy, Grievance Policy, Disciplinary Policy, Health and Safety Policy and an Expenses Policy (Minute 26.5 refers). The Finance Committee confirmed at its meeting on 21 November 2019 that a programme for review and adoption of Policies and Procedures was on-going (Minute 6 refers).

2.12 The Minutes of the Council are well constructed and provide evidence of the decisions taken by the Council. The Clerk/RFO confirmed that each page of the Minutes is signed/initialled by the person acting as Chair of the meeting at which the Minutes are approved.

2.13 Cheque signatories were considered and agreed by the Council at its meeting on 15 May 2019. The Council approved the progression of the mandate to enable the Lloyds Bank account to function and noted that much time had been spent in resolving issues regarding the operation of the bank account (Minute 2019/012e refers). A further report was presented to the Council on 24 June 2019 regarding the delay in progressing the signatory changes which in turn prevented the access to banking facilities at Lloyds Bank. The Council subsequently entered an interim financial agreement with South Norfolk Council to facilitate the payment of accounts (Minute 2019/029 d and e refer). A total of £14,261.83 was paid by South Norfolk Council on behalf of the Parish Council; the amount was repaid to South Norfolk Council on 11 November 2019.

2.14 The previous Internal Audit Report dated 17 November 2019 outlined the issues the Council faced regarding bank account Signatories, including the Council having no access to its Santander Business Reserve Account because of delays in updating Signatories. The Report had recommended that the Council nominates and authorises bank signatories as soon as possible in order to ensure that a high standard of financial control can be secured over all its bank accounts and banking transactions.

2.15 The Finance Committee noted at its meeting on 21 November 2019 that:

- a) change of mandate forms had been sent to Santander alongside the requested paperwork.

- b) There were no longer any issues accessing the Lloyds current account and cheques were being cashed as required.
- c) The new Nationwide account was open and mandate forms and a cheque for transfer of sums had been prepared (The Council's cash holdings at Lloyds Bank had exceeded the amount of the Financial Services Compensation Scheme (FSCS) compensation limit of £85,000 and the Council has opened a Nationwide savings account to accept some of the surplus funds).

2.16 The Clerk/RFO advised the Internal Auditor that some bank signatory issues are still being progressed and access to certain accounts continues to remain difficult.

Recommendation 1: It is important that the Council resolves any outstanding issues regarding bank signatories as soon as possible in order to ensure that a high standard of financial control can be secured over all the Council's bank accounts and banking transactions.

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 is being utilised to maintain the Council's Receipts and Payments accounting system. The Interim Internal Audit Report confirmed in November 2019 that the Acting Clerk/RFO was continuing to make progress in bringing the 2019/20 financial data into the Scribe system in order that a full reconciliation between the accounting information and the bank statements could be achieved as soon as possible. The system is now populated with the 2019/20 financial data and the system can provide for the generation of all necessary reports and regular reconciliations between the Accounts and the bank statements. The system can also provide, if required, for the recording of allotment income (with each allotment holder being listed in the system to enable sales invoices to be prepared and debtors monitored) and the recording of the Asset Register within the system.

3.2 The Scribe system was operated up to the end of the previous year, 31 March 2019. The Internal Auditor was advised that no data was entered into Scribe by the previous Clerk/RFO after that date. The Council noted at its meeting on 25 September 2019 that no payments information had at that time been entered into the system in respect of the 2019/20 year of account. The Acting Clerk/RFO subsequently uploaded financial data in order to bring the accounting records up to date.

3.3 The Internal Auditor was given read-only access to the Council's Scribe system and test-checks tests were undertaken to confirm the adequacy of the accounting records. The accounting system is well referenced and overall facilitates an audit trail to the supporting documentation. VAT payments are tracked and identified within the Scribe Cashbook. The Scribe Accounting System facilitates reconciliation between the accounting information and the bank statements and the production of up to date financial reports, information and data from which Councillors can make informed decisions on future budgets as well as enabling required VAT Returns to be submitted to HMRC.

3.4 A refund from HMRC for the £2,479.73 VAT paid to 31 March 2019 is recorded in the Cashbook as received at bank on 13 June 2019. The Clerk/RFO has advised Internal Audit that a re-claim of £6,086.84 for the VAT paid between April 2019 and March 2020 has yet to be submitted to HMRC.

3.5 A Statement of Variances (explaining significant differences in receipts and payments between the years 2018/19 and 2019/20) has been prepared by the Clerk/RFO for publication on the Council's website.

Recommendation 2: The External Auditors require an explanation where the carried forward (end of year) reserves are greater than twice the income from the Precept. The Clerk/RFO should address this matter by completion, as far as is possible on the information available, in the 'Explanation for high reserves' section of the Statement of Variances.

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

4.1 At the meeting held on 15 May 2019 the Council undertook the annual review of internal controls and risk assessment. The 'Effectiveness of Internal Control' documentation (outlining the main areas of financial and management control exercised by the Council) and the 'Effectiveness of Internal Audit' documentation were reviewed, approved, signed and dated (Minute 2019/012 refers).

4.2 The Council reviewed and agreed to adopt a Financial Risk Assessment at its meeting on 28 October 2019 (Minute 9.8 refers).

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

4.4 At its meeting on 8 November 2019 the Open Spaces and Property Committee agreed that a Councillor and the Acting Clerk/RFO should construct a risk assessment for the Cemetery/Churchyard for consideration at the next meeting. The Acting Clerk confirmed that the current review of the Asset Register will also assist in identifying any additional risk assessments required including those relating to play equipment. An item for Risk Assessments was included in the agenda for the Council's meetings on 25 November 2019, 9 December 2019, 20 January 2020 and 17 February 2020 but on each occasion the matter was referred to the next meeting.

Recommendation 3: The Council's overall Risk Management documentation should be considered and reviewed as soon as practicably possible during the year 2020/21 in order that it is up-to-date and fit for purpose. The documentation should include specific detailed risk assessments for the Cemeteries, Allotments and Play Equipment and should be subject to regular review by Council and its Committees.

4.5 The annual review of insurance was undertaken by the Council at its meeting on 25 May 2019, when it was resolved to approve the insurance schedule and cover (Minute 2019/012d refers). The Council's Insurance Policy is with Zurich Municipal and covers the period 1 June 2019 to 31 May 2020. The Employer's Liability cover and Public Liability cover each stood at £10m. and this level of cover is due to continue under the new policy that took effect from 1 June 2020.

4.6 The Interim Internal Audit Report of 17 November 2019 noted that the Zurich Municipal policy provided Fidelity Guarantee (Employee/Councillor Dishonesty) cover for £50,000, which was significantly less than the current recommended guidelines which provide that the cover should be at least the sum of the year-end balances plus 50% of the precept/grants. The Report had recommended that the Council should review the level of Fidelity Guarantee cover in order to ensure that the total sums in the Council's bank accounts have appropriate insurance cover.

4.7 Following a recommendation from the Finance Committee the Council agreed at its meeting on 25 November 2019 to increase the Fidelity Guarantee insurance cover to £100,000 (Minute 9.7.1 refers). This level of cover continues under the new policy that took effect from 1 June 2020.

4.8 As at 31 March 2020 the year-end balance stood at £135,504 and with the addition of 50% of the 2020/21 Precept (50% of £47,500 = £23,750) the recommended guidelines would require Fidelity Guarantee insurance cover to be approximately £159,250. Accordingly, the current level of cover of £100,000 remains significantly below the recommended guidelines.

Recommendation 4: The Council should continue to monitor the level of cash balances held during the year and increase the level of the Fidelity Guarantee (Employee/Councillor) Dishonesty insurance cover should sums continue to exceed the current £100,000 level of insurance cover.

4.9 The Council received a report on the play equipment from the Play Inspection Company at its meeting on 22 July 2019 and agreed that all necessary remedial work should be undertaken (Minute 2019/045d refers).

4.10 The Open Spaces and Property Committee agreed at its meeting on 8 November 2019 that an annual independent inspection of the Playground should take place (Minute 6.1.1 refers) and that a Councillor should undertake weekly inspections ((Minute 16.1). This was reported to and agreed by the Full Council on 25 November 2019 (Minute 11 refers). At its meeting on 9 December 2019 the Council noted that an annual independent playground inspection had been ordered to take place in January 2020 (Minute 5.7 refers). The Clerk/RFO confirmed to Internal Audit that the Inspection Report had been received and is due to be considered by the Council at a forthcoming meeting.

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

Precept 2019/20: £67,006 (Council meeting on 28 January 2019, Minute 2018/107 refers).

Precept 2020/21: £47,500 (Council meeting on 9 December 2019, Minute 8.3 refers).

5.1 The Precept decisions have been agreed in Full Council and the decision and amounts has been clearly Minuted. The Clerk/RFO ensures that the Council is aware of responsibilities, commitments, forward planning and the need for adequate reserves.

5.2 During the year of account, the lack of full financial data within the Scribe Accounting System prevented detailed financial reports being presented to the Council. It was accordingly not possible for the Council to receive a Half-Year Budget Monitoring Report comparing expenditure and income with the budgeted amounts. Only bank balances and lists of payments were reported to Council for approval. The lack of financial data prevented both the Acting Clerk/RFO and the current Clerk/RFO from providing full financial reports to the Council. Accordingly, the Internal Auditor is unable to certify at Question D in the Annual Internal Audit Report in the AGAR that 'Progress against the Budget was regularly monitored'.

5.3 Clearly it is good financial practice for a Council to receive regular reports of the income and expenditure in the year compared against the budget. In this way, all Councillors have the opportunity to receive sufficient information to make informed decisions and, specifically, the Council will be in a position to identify any significant variations from budget and promptly take any remedial action as necessary.

Recommendation 5: It is important that Council operates effective budgetary control and scrutiny during the 2020/21 year. The Budget for 2020/21 entered into the Scribe Accounting System should be used to construct Quarterly Reports comparing actual expenditure to the Budget and presented to Council for scrutiny.

5.4 The Open Spaces and Property Committee considered contracts/maintenance costs at its meeting on 8 November 2019 in order to inform the Budget to be presented to the Finance Committee. The First Draft Budget for 2020/21 was considered by the Finance Committee on 21 November 2019.

5.5 Recommendations from the Finance Committee relating to the Budget for 2020/21 were considered and approved by Full Council on 9 December 2019.

5.6 The Interim Internal Audit Report (dated 17 November 2019) noted that the Council's General Reserves were well in excess of the generally accepted guideline that General (non-earmarked revenue) Reserves should be equal to six months of running costs or 50% of the precept. In such situations, Councils often review the sums earmarked for future projects or consider adjusting future precept demands to reflect the amount of reserves held. The Audit Report had recommended that the

Council should consider and formally approve the amount of any Earmarked Reserves in order to clarify the amounts set aside from General Reserves and continue to monitor the level of General Reserves being maintained.

5.7 The Finance Committee considered the issue of Earmarked Reserves at its meeting on 21 November 2019 and put forward recommendations to Council. At its meeting on 25 November 2019 the Council agreed to earmark a total value of £85,235 of Reserves, as follows:

Neighbourhood Plan:	£20,000
Street furniture/replacement:	£10,000
Playground Repairs:	£15,735
Tree Works (increased to):	£6,000
Cemetery improvements:	£8,000
Car Parking Scheme:	£7,500
Highways Projects:	£6,000
Unanticipated professional advice:	£10,000
Election costs:	£2,000

5.8 The Council is currently maintaining sufficient Reserves and Contingency sums to meet, within reason, any unforeseen items of expense that may occur. As at 31 March 2020 the overall Reserves totalled £135,504, of which £85,235 was Earmarked as above. The General (unallocated) Reserves accordingly totalled £50,269 and remain in excess of the amount that would normally be expected to be held.

Recommendation 6: The Council should continue to monitor the level of General Reserves and the allocation of Earmarked Reserves in order to work towards meeting the best practice guidelines that General (non-earmarked revenue) Reserves should be equal to six months of running costs or 50% of the precept.

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

6.1 The Receipts system is operated within the Scribe Accounting System. A sample of transactions listed within Scribe was tested in order to verify that a clear audit trail exists from the underlying financial records to the accounts.

6.2 The Council reviewed and agreed a revised Allotment Tenancy Agreement at its meeting on 22 July 2019. (Minute 2019/045 refers). At its meeting on 28 October 2019 the Council resolved to approve a Free of Charge extension on all allotment agreements to 1 January 2020 and invoices to be issued with a three-month delay to allow for plot cleaning/re-issuing. The Council also agreed to raise allotment fees for the year 2020 (to £35.00 per full plot and £17.50 per half plot, Minutes 10.1 and 10.2 refer). The Council was informed at its meeting on 25 November 2019 that all plot holders had been advised of the extension and the increased fees (Minute 10.1 refers). The Council noted on 9 December 2019 that all invoices to allotment holders had been issued (Minute 9.1 refers). The Council noted at its meeting on 16 March

2020 that the Open Spaces and Property Committee would be reviewing the current contracts and regulations (Minute 9.2 refers).

6.3 The Council agreed at its meeting on 28 October 2019 that consideration of Cemetery Fees and Rules and Regulations should be undertaken by the Open Spaces and Property Committee (Minute 12.1 refers). The Finance Committee recorded at its meeting on 21 November 2019 that the Cemetery Fees require review and revising (Minute 10 refers). At its meeting on 16 March 2020 the Council agreed to waive cemetery and burial fees for those deceased persons under the age of 18 and noted that the Council's review of the remaining Fees and Charges and the related cemetery regulations were on-going (Minute 11 refers).

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

7.1 The previous Clerk/RFO, Mrs Gina Lopes, left the Council on 17 September 2019. A Contract of Employment for the Acting Clerk/RFO was agreed at the meeting of the Council on 25 September 2019 (Minute 8.2 refers). The Acting Clerk/RFO was paid for 21 hours per week.

7.2 At the meeting on 25 November 2019 the new Clerk/RFO, Mr Edward Leggett, was confirmed in his position and a Contract of Employment was signed by both parties. The hours of work were increased from 21 to 25 hours per week to reflect the increased work necessary with the additional Committees in place (Minute 20 refers).

7.3 The Council is registered with HMRC for PAYE and NI purposes. The Payroll Service is being administered in-house. The March 2020 pay-slip was presented to Internal Audit and showed that NJC Scale Point 24 (£14.50 per hour) was being paid at 25 hours per week. The P60 End of Year Certificate for the Clerk/RFO was also presented to Internal Audit.

7.4 The March 2020 pay-slip for the Neighbourhood Plan Administrative Assistant, Mrs Kate Leggett, was presented to Internal Audit and showed that an hourly rate of £12.94 was being paid at 25 hours per month. The P60 End of Year Certificate for the Neighbourhood Plan Administrative Assistant was also presented to Internal Audit.

7.5 With regard to the legislative requirements relating to workplace pension schemes, the Council is registered with the Pensions Regulator and the Acting Clerk/RFO confirmed during the Interim Internal Audit in November 2019 that re-registration is not due until 21 October 2020.

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

8.1 An Asset Register displayed an overall value of £387,464.08 as at 31 March 2019. The Register was reviewed and approved by the Council at the meeting held on 15 May 2019 (Minute 2019/012 refers). The Interim Internal Audit Report in November 2019 noted that the Register required further review because The Manor Rooms, which are not owned by the Council, were included in the list of Assets held.

8.2 The Acting Clerk/RFO presented the Asset Register to the Open Spaces and Property Committee on 8 November 2019; it was noted that many changes were necessary to the Register as presented and a Councillor agreed to construct a schedule of individual pieces of play equipment plus locations of bins and benches.

8.3 The Finance Committee reviewed the Asset Register at its meeting on 21 November 2019. The previous Internal Audit Report dated 17 November 2019 had recommended that following the review and up-dating of the Asset Register, each item should be compared with the cover under the Council's insurance policy to ensure that appropriate insurance cover is in place. The Committee agreed that the insurance company would be issued with the new Asset Register following its update. The Clerk/RFO has confirmed to Internal Audit that the Asset Register was shared with Zurich Municipal Insurance prior to the insurance renewal on 1 June 2020.

8.4 The up-dated Asset Register was examined at this End-of-Year Internal Audit. As at 31 March 2020 the Asset Register displayed a total value of £161,424.08, a reduction of £226,040 compared with the value at the end of the previous year. The decrease reflects the removal of the listed value of the Manor Rooms (£226,840) and the acquisition in the year of account of a Toshiba laptop computer (£800).

8.5 The Register complies with current requirements which provide that each asset should be recorded on a consistent basis, year-on-year. The overall value of assets is correctly recorded in Box 9 of Section 2 of the AGAR 2019/20.

8.6 At its meeting on 22 July 2020 the Council agreed to purchase the Trowse BT Phone Box (Minute 2019/48 refers) and at the meeting on 25 November 2019 the Council noted that ownership of the Phone Box had passed to the Parish Council (Minute 5.11 refers). The Phone Box is currently not included in the Asset Register.

Recommendation 7: The Phone Box is under the ownership of the Council and accordingly should be displayed in the Asset Register at cost (or at a nominal value if acquired at no cost) in order to ensure that over time the ownership of the Phone Box is not overlooked.

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

9.1 The previous Internal Audit Report noted in November 2019 that a Bank Reconciliation had not been completed since 31 March 2019 because the 2019/20 financial data had not been uploaded onto the Scribe Accounting System. The Report had emphasised that it was extremely important that a reconciliation between the Council's accounts and the bank statements was completed as soon as practically possible in order to ensure that financial control and the overall integrity of the accounting system could be confirmed.

9.2 A Bank Reconciliation was not performed after 31 March 2019 for a period of at least 8 months. The Internal Auditor is accordingly unable to certify at Question I. in the Annual Internal Audit Report in the AGAR that 'Periodic bank account reconciliations were properly carried out in the year'.

9.3 Following discussions between the Internal Auditor and the Clerk/RFO, the bank statements for the Lloyds Bank Accounts, the Santander Account and the Nationwide Account were reconciled with the End-of-Year accounts as at 31 March 2020, as follows:

	£ . p	£ . p
Account Balance b/f as at 1 April 2019:		133,799.58
Add Total Receipts in the year:		77,348.13
Deduct Total Payments in the year:		75,635.49
Account Balance c/f as at 31 March 2020:		<u>135,512.22</u>

Represented by:

Lloyds Bank Current Account 31 March 2020:	38,219.63	
Less Unpresented cheques:	7,202.58	
	-----	31,017.05
Lloyds Bank Business Account 31 March 2020:		15,230.94
Santander Business Reserve 31 March 2020:		9,087.57
Nationwide Account 31 March 2020:		80,176.66

		<u>135,512.22</u>

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

10.1 Financial Reports are being presented to meetings of the Council. A List of Payments is considered and approved by the Council at each meeting. Following her appointment, the Acting Clerk/RFO Mrs Sarah Hunt, listed in the Minutes details of payments and receipts and balances held at bank. These details were included in the published Minutes up to including 9 December 2019. Whilst bank balances have continued to be reported, the details of payments and receipts were not included in the Minutes of subsequent Council meetings in the year of account.

Recommendation 8: The recording of Payments and Receipts in the Council's Minutes should always be completed as it is an important financial control feature to demonstrate transparency in the Council's financial activities.

10.2 The Scribe Accounting System is being utilised to maintain the Council's Receipts and Payments accounting system which, in turn, will provide control over each transaction. At the time of the previous Internal Audit Report in November 2019, the accounting system was not up to date and accordingly control over both receipts and payments had yet to be fully secured. The Acting Clerk/RFO subsequently uploaded the 2019/20 financial data into the system to secure the necessary financial control.

10.3 The Payments system within Scribe was examined to verify that the system facilitates a clear audit trail from the underlying financial records. Under remote working arrangements it would be impractical to scan and email numerous invoices for audit examination and accordingly the Clerk/RFO confirmed to the Internal Auditor that:

- (a) all Payments in the year 2019/20 are supported by invoices/vouchers.
- (b) cheque numbers are noted on the paid invoices/vouchers.
- (c) Invoices/vouchers for payment are signed or initialled by the Cheque Signatories in confirmation of the payment being correctly made.
- (d) Cheque Book counterfoils are initialled by Cheque Signatories as required under the Council's Financial Regulations.

These areas were not examined due to the Internal Audit being conducted remotely/electronically but can be test-checked at the next scheduled audit. The Clerk/RFO advised Internal Audit that the Council is not currently operating any payments on-line.

10.4 The Annual Internal Audit Report for the previous year (2018/19) within the Annual Governance and Accountability Return (AGAR) was completed and signed by the Internal Auditor, L. Jay, on 14 June 2019. The detailed End-of-Year Internal Audit Report was dated 15 June 2019. The Report was received and approved by the Council at its meeting on 24 June 2019 when it was noted that the Report confirmed that control objectives were being achieved and no risks had been identified (Minute 2019/029b refers).

10.5 The Internal Auditor for the 2019/20 year was formally appointed by the Council at the meeting held on 28 October 2019 (Minute 9.2 refers). The Auditor was directed to undertake an Interim Audit (scheduled for 15 November 2019) and an End-of-Year Audit (to take place following the completion of the 2019/20 Accounts).

10.6 The Interim Internal Audit Report dated 17 November 2019 was presented to the Finance Committee on 21 November 2019 and the recommendations were examined in detail and actions agreed. The Full Council received the Internal Audit Report at its meeting on 25 November 2019 and noted that the Finance Committee was actioning and monitoring the recommendations in the Report (Minute 9.2 refers).

11. Publication Requirements.

11.1 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).

11.2 The website trowseparishcouncil.norfolkparishes.gov.uk was in development during the year 2018/19. The External Audit Report and Certificate and the Notice of the Conclusion of the External Audit were published on the website on 24 October 2019. The Acting Clerk/RFO confirmed that paper copies were placed on the Parish Noticeboard but the Council did not meet the specific website publication requirements during the Summer of 2019 in respect of the 2018/19 accounts. The Internal Auditor is accordingly unable to certify at Question L in the Annual Internal Audit Report of the AGAR that 'The authority has demonstrated that during the Summer of 2019 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations'.

Recommendation 9: The Council should ensure that the statutory deadlines for the publication of documents on a publicly accessible website are met in full for the 2019/20 accounts. The Council may wish to note that the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 have extended the statutory deadlines for the publication of the 2019/20 documents.

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

12.1 Sections 1 and 2 of the Annual Governance and Accountability Return (AGAR) 2018/19 were considered, approved and signed by the Council at its meeting on 24 June 2019 (Minute 2019/029 refers).

12.2 The Council was advised at its meeting on 28 October 2019 that the External Audit for the year 2018/19 had been completed and that no comments or concerns had been put forward (Minute 9.10 refers). The External Auditors, PKF Littlejohn LLP, had confirmed that the information in Sections 1 and 2 of the Annual Governance and Accountability Return was in accordance with Proper Practices and there were no matters of concern that impacted upon their opinion.

13. Additional Comments.

13.1 The Annual Meeting of the Council took place on 15 May 2019, within the required timescale. The first item of business was the Election of Chairman, in accordance with the requirements of the Local Government Act 1972.

13.2 with regard to any responsibilities the Council may have regarding Sole Trusteeship to the Manor Rooms, the Locum Clerk/RFO reported to Council on 28 October 2019 that the Council is a Holding Trustee only and does not own the building, that the Trustees have complete responsibility. The Council resolved at the meeting to offer a grant of £500 towards the cost of any future specialist advice the Trustees may require.

13.3 I would like to record my appreciation to the Mr Edward Leggett, the Clerk/RFO, for his assistance during the course of this audit work.

Trevor Brown

Trevor Brown, CPFA

Internal Auditor

22 June 2020