

Report to Saffron Walden Parish Council Internal Audit of the Accounts for year ending 31st March 2022

The primary objective of Internal Audit is to independently review, appraise and provide assurance upon the control environment, making sure that controls are mitigating the Council from increased risk exposure, and to achieve this, the internal auditor will adopt a predominantly systems-based approach to audit.

The Accounts for the period year ending 31st March 2022 can be summarized as follows:

Income for year:	£ 1,478,346 (rounded)
Expenditure for year:	£ 1,374,913 (rounded)
Precept figure:	£ 1,184,935 (rounded)
General Reserve:	£ 287,814 (rounded)
Earmarked Reserve:	£ 625,029 (rounded)

The following Internal Audit work was carried out on the adequacy of systems of internal control in accordance with the scope previously approved by the Council with particular emphasis upon the following:

- Review and assess the soundness, adequacy, effectiveness and reliability of financial and performance management systems
- Review and assess the efficiency and effectiveness of internal control arrangements and working practices and make recommendations to improve these where appropriate
- Review and assess the adequacy of procedures to ensure the Council's assets and interests are adequately protected and risks are identified and effectively managed
- Check for compliance with legislation and the Council's integrity and ethical standards, policies and procedures

Comments and any recommendations arising from the review are made overleaf.

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Subject & tests carried out	Comments/Recommendations
<p>1. Proper book-keeping. Examination of</p> <ul style="list-style-type: none"> • Cashbook • Reconciliations of cashbook 	<p>The council continues to use the Rialtas accounting package which produces reports on an Income and Expenditure basis. Council follows Proper Practices in ensuring that its accounting procedure gives a more accurate presentation of an authority's true financial position by focusing on the balance of economic benefits that it has under its control, rather than just its bank balance. The cashbook is reconciled on a monthly basis, regularly verified against bank statements and contains entries from day to day of all sums of money received and expended by the council along with matters to which the income and expenditure relates. In accordance with good practice, the accounting records also contain a record of income and expenditure in relation to claims made for contribution, grant or subsidies from a government department or other public body.</p> <p><i>Comment: The Responsible Financial Officer (RFO) continues to be mindful of Proper Practices, by ensuring that effective procedures are in place to accurately and promptly record all financial transactions, and that the accounting records are kept up to date throughout the year, together with all necessary supporting information.</i></p> <p>Spot checks were made and were found to be correct. Journal entries between cost codes for the period under review were seen and verified. The RFO has ensured that the cash book is the focus for day-to-day accounting and is aware that the balancing off and reconciliation to the bank statement remains the most important control over the accounting system.</p> <p><i>Comment: Council continues to follow Proper Practices in ensuring that its accounting procedure gives a more accurate presentation of an authority's true financial position by focusing on the balance of economic benefits that it has under its control, rather than just its bank balance. As previously identified, for further transparency and scrutiny, the RFO, in accordance with best practice, has referenced all payments and receipts with a description as to the expenditure and income being incurred to ensure the integrity of data being input and processed.</i></p>
<p>2. Standing Orders and Financial Regulations: Examination of:</p> <ul style="list-style-type: none"> • Compliance • Annual Review • Adherence 	<p>The Standing Orders, as seen on the Town Council's website show a review date due of April 2021 and are based on the latest model published by the National Association of Local Councils (2018). The minutes of the Town Council of 12th April 2021 show that the current Standing Orders were adopted with amendments to Section 18 for the figures relating to the revised estimates as per the Public</p>

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<ul style="list-style-type: none"> • Appointment of Responsible Financial Officer 	<p>Contracts Regulations 2015 as advised under NALC’s LTN 85 – Procurement (dated February 21). As such they are compliant with legislation and have been adapted (where they are not statutory requirements) to ensure that they are relevant to the town council.</p> <p><i>Comment: Council is aware of the requirement to ensure that the SOs are fully tailored to the council and that in accordance with proper practices they need to be regularly reviewed, fit for purpose and adhered to. Council might also wish to note that NALC have updated LTN 87 Procurement to bring it into line with the procurement position post-Brexit and which contains the current procurement threshold figures. Whilst the change is only to model standing order 18, they have stated that they will be updating model standing orders later this year.</i></p> <p>Financial Regulations (FR), as seen on the Town Council’s website show a review date April 2021 and based on the NALC Model Financial Regulations 2019 and tailored to the Town Council.</p> <p><i>Comment: Council is aware of the requirement to ensure that its Financial Regulations, in accordance with Proper Practices are regularly reviewed, fit for purpose and adhered to and has shown good practice by ensuring that it has in place appropriate measures governing how it operates, provisions for securing competition and regulating the manner in which tenders are invited. The minutes of 12th April 2021 show that Council reviewed the adopted Financial Regulations with amendments to paragraph 8.5 “the council’s investment strategy and policy shall be in accordance with relevant regulations, proper practices and guidance. This Strategy and Policy shall be reviewed by the council at least annually”. The minutes reflect that the Council has an investment policy which is reviewed annually.</i></p> <p>The Council, in accordance with proper practices and with reference to section 151 of the Local Government Act 1972, has employed a Responsible Financial Officer (RFO) who is responsible for the financial administration of the authority.</p>
<p>3. Payment controls.</p> <p>Examination of:</p> <ul style="list-style-type: none"> • Understanding of the process involved for reclaiming VAT • Expenditure controls 	<p>VAT is identified in the cash book and reclaimed on an annual basis. The VAT Assessment File for the four quarter were seen as produced by the accounting package operated by the RFO. Settlement of the accounts for the first three quarters submitted was evidenced from the Council’s bank statements. The claim for the period ending 31st March 2022 in the sum of £35,778.22 reflects the year-</p>

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<ul style="list-style-type: none"> • Internal Banking controls • Procurement controls • General power of competence • Public Works Loans • Tourist Information Centre 	<p>end position and was settled during the month of April 2022.</p> <p>A selection of random payments were cross checked against cheque book/payment authorisation slips, cash book, bank statement and invoices and all were found to be recorded/ authorised in accordance with Proper Practices. A further spot check of items paid via the BACS/Direct Debit system from the Council's Accounts were cross checked against cashbook, bank statements and invoices. All were found to be in order. A spot check of payments made under contractual terms were further analysed and all were found to be in accordance with agreed schedules and sums approved.</p> <p><i>Comment: in accordance with Financial Regulation 5.6, for each financial year the Clerk and RFO has drawn up a list of due payments which arise on a regular basis as the result of a continuing contract, statutory duty, or obligation (such as but not exclusively) Salaries, PAYE and NI, Superannuation Fund and regular maintenance contracts and the like for which council or a duly authorised committee, may authorise payment for the year provided that the requirements of regulation 4.1 (Budgetary Controls) are adhered to, provided also that a list of such payments shall be submitted to the next appropriate meeting of council or Finance Committee.</i></p> <p>In accordance with its scheme of delegated powers, as agreed by full Council, all expenditure is presented to Finance and Establishment on a monthly basis for review. Council has ensured that, for the settlement of its invoices by both cheque and BACS, and in accordance with Financial Regulation 6.8, there is a two-tier authorisation system which ensures that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories. Council is therefore operating within Financial Regulations 5.2; 6.8 and 6.9.</p> <p><i>Comment: this system continues to protect the RFO as well as fulfilling an internal control objective to ensure the safeguarding of public money thereby allowing Council to ensure that it has maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.</i></p> <p>Council continues to show good practice by ensuring that, on receipt of invoices, verification that the relevant goods or services have been received is obtained</p>
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	<p>and invoices checked to ensure that the arithmetic is correct, agreed discounts have been deducted and everything is acceptable regarding reclaiming the VAT. The Council's Purchase Order file for items ordered in accordance with Council's own Financial Regulations was reviewed during the internal audit visit. A random sample of orders placed during the period under review shows that Council has operated within its own Financial Regulations within the limits set for the purchase of goods and services above which three estimates or quotes should be invited from persons or firms competent to do the work.</p> <p><i>Comment: Council continues to follow good practice by ensuring that an official order is issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Council further demonstrates good practise by understanding that official orders both commit a supplier to a price and help prevent unauthorised credit being granted in the authority's name. In accordance with proper practises, on receipt of invoices, verification that the relevant goods or services have been received is obtained and invoices are checked to ensure that the arithmetic is correct, agreed discounts have been deducted and everything is acceptable regarding reclaiming the VAT. The Purchase Order file is numerically held and controlled by the Clerk.</i></p> <p><i>Council is also mindful of guidance covering the procedures for the management of capital projects which are covered by Council's Standing Orders, and which should require payments only against certified completions under a planned and approved programme of works governed by a properly negotiated contract supervised by a named authority officer.</i></p> <p>Full Council, confirmed, at its meeting of 13th May 2019 that it fulfilled the eligibility criteria to use the power (at least two-thirds elected members and a qualified Clerk (CiLCA or higher)) for the next four years – in accordance with the Localism Act 2011, and that it was eligible to exercise the GPC as at least two thirds of the total number of councillors were elected at the ordinary election on 2nd May and that the Clerk holds the Certificate in Local Council Administration (CILCA). Council resolved that having met the above conditions, it was eligible to use the general power of competence for the next four years.</p> <p>Council operates a Grants Policy with grants being awarded under the following categories: Small Grants Scheme and Hall Hire Grants. Seperate grants are</p>
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	<p>awarded to the Citizens Advice Bureau and the Uttlesford Community Transport in accordance with the Annual Budget set.</p> <p><i>Comment: the Council operates the above grants within the remit of its Grants Policy which aims to ensure that funding is distributed to those who need it most, whether it is working with disadvantaged groups, health, social inclusion, sports events, charitable events, a trip or new initiatives and projects. The Policy is adhered to, regularly reviewed and considered fit for purpose.</i></p> <p>The council has the following Public Works Board Loan: Town Hall £200,000 which was drawn down in March 2017 Reference 320 08821. Interest repayments are to be made twice yearly on the nearest working day to 20 March & 20 September and the rate of 2.28% has been applied. Half yearly annuity payments of £6,254.30 each were made on 21st September 2021 & 21st March 2022. The balance outstanding at 31st March 2022 was £158,154.95.</p> <p>Details of the profit and loss account, monthly report and shop sales for the Tourist Information Centre are received and noted by the Finance & Establishment Committee on a monthly basis. An examination of the accounting records relating to the Tourist Information Centre and the submission of invoices for payment to the Town Council was carried out during the internal audit visit. Purchases are made against invoices which are submitted against an order and reconciled by the Manager prior to presenting same to the Town Council for payment. A sample of the weekly sales receipts were reviewed and verified against relevant costs codes and statements. The procedures for cash and cheques as operated by the Tourist Information Centre are clearly referenced within the Town Council's Risk Assessment and Procedures and fully implemented by the Tourist Information Centre staff.</p> <p><i>Comment: these examinations undertaken do not constitute a full audit but during the visit there were no matters which came to the Internal Auditor's attention suggesting that further investigative work be carried out to enable a proper understanding of the accounts as submitted.</i></p> <p>Whilst it is recognised that the procedures relating to the Tourist Office accounting system are heavily reliant on the knowledge and ability of the Staff operating within the Tourist Information Centre, Council has ensured that there is</p>
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	<p>a regular review of strategic and operational risk management and that there is a resilience in place to respond to the management of both online and shop generated sales.</p>
<p>4. Risk Management</p> <ul style="list-style-type: none"> • Annual Review and Minuted • Review of risks associated with <ul style="list-style-type: none"> ➢ Financial Management ➢ Cemetery ➢ Allotments ➢ Building/ Assets • Fidelity Guarantee Cover Insurance <ul style="list-style-type: none"> ➢ Adequate ➢ Reviewed • Internal Controls documented and regularly reviewed • Insurance Policy reviewed, cover appropriate and adequate 	<p>Overall, the risk assessment documentation submitted for Internal Audit provides details of the risks associated with the functioning of a smaller authority and the measures that the Council will undertake to mitigate such risks. The risk assessment and procedures for the year under review were adopted by full Council at its meeting of 21st June 2021 and are contained within the Council's Risk Assessment and Procedures documentation as evidence by the report published on the Council's website. Agreement was forthcoming for the following amendments to be included: IT and cyber insurance; malicious intent to include comments regarding anti-virus software; disaster recovery to allow a disaster to be quantified and the requirement to refer back to existing policies and references to be made to the employee handbook. Council has ensured that its risk assessment focuses on the safety of the parish council's assets and in particular its money. Council has ensured that there is evidence that it has taken actions to identify and assess those risks and has considered what actions or decisions it needs to take during the year to manage in order to avoid financial or reputational consequences.</p> <p><i>Comment: Council might wish to insert the following on its Risk Assessment and Procedures(which would follow the good practise already employed by Council for its adopted policies): version number; date reviewed; minute reference and review date.</i></p> <p>The Council's Insurance document showing cover under a Council Guard Policy with Royal & Sun Alliance was seen during the internal audit review. At renewal, Council was in year 3 of a 3-year agreement which commenced on 1st July 2019 and ends on 30th June 2022. The following were verified as being in place: Core Cover Public liability cover £15million; Products liability cover is £10million; Hirer's Liability cover is £2million; Employer's liability cover is £10million; Fidelity Guarantee cover is £1million. Fleet Rated Commercial Motor Insurance is also in place covering the motorised vehicles including machinery under the Council's control. British Engineering Services are contracted to carry out inspections with a written report on test and/or findings for each site and equipment inspected. Fidelity Guarantee cover at £1million is in accordance with guidance, which provides that the cover should be at least the sum of the year-end balances plus 50% of the precept/grants to be received in the following April/May.</p>

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	<p><i>Comment: Council should ensure that balances and cash flow are monitored to ensure that Fidelity Guarantee cover is appropriate should balances significantly increase or decrease.</i></p> <p>Council’s cyber insurance policies were also reviewed during the internal audit review and are in place until 30th June 2022. Council has noted guidance which recommends that such insurance is in place not only to ensure that services are kept up and running but also to provide a way of ensuring the public trust council with its information.</p> <p><i>Comment: In accordance with Proper Practices, Council has identified its key risks and taken steps to manage them in a way which it can justify to a level which is tolerable by transferring the risk and buying in services from specialist external bodies and taking out insurance.</i></p> <p>In accordance with the Regulation 6 of the Accounts and Audit Regulations 2015, the Finance and Establishment Committee carried out a review of the effectiveness of the system of internal control for the year 2021-2022. The Council’s Internal Control Monitoring Documents as adopted at the meeting of the Finance and Establishment Committee Meeting of 21st June 2021, has identified the risks involved with and the potential for improvements to its arrangements to protect public money. Safe and efficient arrangements are in place to cover how the council orders goods and services, incurs liabilities, manages debtors, makes payments and handles receipts.</p> <p><i>Comment: As part of its review of governance and internal control measures, Council has adopted an Internal Control Statement which covers the purpose of the system of internal control; the personnel involved with the internal control regime, internal and external audit remit, review of effectiveness of internal control along with an action plan to address issues raised within the internal control process. Council has also been mindful to ensure that all payments are carried out with reference to its own Financial Regulations 6, and that reference to online banking for the use of the settlement of accounts is included within the Council’s overall Risk Assessment Documentation.</i></p>
<p>5. Budgetary controls. Examination of:</p>	<p>As recorded in the Internal Audit Review for the period ending 30th September 2022, the minutes of 14th December 2020 show that Council agreed to adopt a</p>

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<ul style="list-style-type: none"> • Verification of process of setting of budget • Monitoring of budget • Reporting of expenditure and variances • Monitoring reserves 	<p>1.5% increase in the Band D figure (being £176.17per annum (£173.56 per annum in 2020/21)) which would equate to a precept request of £1,184,935.00 with a total budget of £1,893,338.27 (which included EMRs brought forward).</p> <p>A review of the budget including detailed income and expenditure position is reported at each Finance and Establishment Committee Meeting with the minutes of each meeting being adopted at the next relevant full Council meeting. Evidence was seen of budget report to actual with committed expenditure and funds available breakdown. Expenditure breakdown by heading is provided to Finance and Establishment Committee Meeting with detailed income and expenditure by account for currently funded projects. Council continues with its procedures for reporting to the Finance & Establishment Committee and ensures that the income report shows income against specific budget headings. This is then further analysed to show percentage of income against budget.</p> <p>At the meeting of 13th September 2021 full Council reviewed and adopted amendments to its Action Plan and Priorities from May 2019 – May 2023. It was agreed that this would inform the basis of future budgets and have regard to the Council’s forward plan and 5-year budget.</p> <p><i>Comment: Council shows good practice by following the recommended key stages as to the budgetary process to be followed for the year:</i></p> <ul style="list-style-type: none"> • <i>decide the form and level of detail of the budget;</i> • <i>review the current year budget and spending;</i> • <i>determine the cost of spending plans;</i> • <i>assess levels of income;</i> • <i>bring together spending and income plans;</i> • <i>provide for contingencies and consider the need for reserves;</i> • <i>approve the budget;</i> • <i>confirm the precept or rates and special levies; and</i> • <i>review progress against the budget regularly throughout the year.</i> <p>Council continues with the practise of ensuring that virements between budgets are considered by the Finance and Establishment Committee and recommended for approval to the Town Council as and when they arise, subject to FR 4.2 which states that “No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the council, or duly delegated committee. During the budget year</p>
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	<p>and with the approval of council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate ('virement'). The Clerk and RFO are authorised to vire monies within budgets to a maximum of £4,000 per item.</p> <p>The Council, at year-end had overall reserves totalling £912,843 – General Reserves at £287,814 and agreed Earmarked Reserves of £625,029. Full Council will be approving the breakdown of the Earmarked Reserves at its Council Meeting of 9th May 2022, following a review by the Finance and Establishment Committee on 21st March 2022. It is noted that there is a significant variance for the year-end general reserves when compared with the previous year-end position. The RFO has confirmed that the Town Council has agreed that £200,000 of general reserves should be carried over into the financial year 2022-23 rather than return the funds to general reserves.</p> <p><i>Comment: Council is aware of the guidance as issued by Proper Practices which states that the generally accepted recommendation with regard to the appropriate minimum level of a Smaller Authority's General Reserve is that this should be maintained at between three (3) and twelve (12) months Net Revenue Expenditure (NRE). NRE (subject to any planned surplus or deficit) is effectively Precept\Levy less any Loan Repayment and/or amounts included in Precept\Levy for Capital Projects and transfers to Earmarked Reserves. The reason for the wide range (3 to 12 months) is to cater for the large variation in sizes of individual authorities. There is no upper limit for Earmarked Reserves, but they should be held for genuine and intended purposes and their level subject to regular review and justification (at least annually). Council has further noted guidance as issued under the Practitioners Guide which states that an authority needs to have regards to the need to put in place a General Reserve Policy with explanations as to the high level of general reserves being held and to have evidenced that it has reviewed the level and purpose of all Earmarked Reserves. Council's Policy on General and Earmarked Reserves was reviewed and adopted by the Finance and Establishment Committee in May 2021.</i></p>
<p>6. Income controls. Examination of:</p> <ul style="list-style-type: none"> • Precept • Other income 	<p>Council received precept in the sum of £1,184,935 from Uttlesford District Council for the period under review in April and September, both having been reported to the Finance and Establishment Committee in accordance with Council's own Standing Orders. Evidence was provided showing a full audit trail from Precept</p>

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	<p>being discussed and approved to being served on the Charging Authority to remittance advice showing the Precept to be paid and receipt of same in the Council's Bank Account.</p> <p>Further spot checks during the year-end internal audit visit on further items paid under BACS / Direct Credit into the Council's Accounts were cross checked against cashbook, bank statements and invoices raised by the Parish Council. All were found to be in order with a clear underlying audit trail. Income is recorded in accordance with Financial Regulations and reported to the Finance and Establishment Committee on a monthly basis.</p> <p>The outstanding sales ledger invoices for the period ending 31st March 2022 was seen and verified. The RFO has advised that there are no irrecoverable accounts for consideration as bad debts.</p> <p><i>Comment: Council is aware that Proper Guidance states that uncollectible amounts, including bad debts, should only be written off with the approval of members, or under delegated authority by the RFO and that such approval should be shown in the accounting records.</i></p>
<p>7. Petty cash/expenses procedure. Examination of:</p> <ul style="list-style-type: none"> • System of control • Supporting documentation 	<p>Petty cash is operated and managed in accordance with Council's own Financial Regulation 6.18a. All petty cash payments are supported by receipts and are entered in to the petty cash book. Petty cash reconciliations are carried out on a monthly basis and cheques raised to ensure sufficient funds to allow the float to be adequately maintained. A spot check of items recrored in the cash book were checked against receipts and cash book sheets and found to be in order. The petty cash funds are kept in a locked drawer.</p> <p><i>Comment: in accordance with Proper Practises, the petty cash float is adequate in size to meet small items of expenditure and does not require reimbursement more frequently than once a month. Adequate records of the receipts and payments have been maintained for each float, including a VAT analysis, and regular reconciliations are performed. The RFO has ensured that the petty cash system is operated in accordance with FR 6.18 for the purpose of defraying operational and other expenses.</i></p>
<p>8. Payroll controls. Examination of:</p> <ul style="list-style-type: none"> • Management of pyaroll 	<p>The council's payroll service is outsourced and has been operated properly and overseen by the council as an employer. The council is a member of the Local Government Pension scheme (LGPS). At year-end, Council had 25 employees on</p>

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<ul style="list-style-type: none"> • PAYE/NIC system in place • Compliance with HMRC procedures • Records (relating to contracts of employment) • Mayoral Allowance 	<p>its payroll, 18 of which are members of the Local Government Pensions Scheme as operated by Essex County Council.</p> <p>Cross-checks were completed on 6 items each of salary, PAYE and pension contributions and these were all found to be in order. Salaries are paid in accordance with contracted hours worked and timesheets for office staff and labour including those for overtime were seen. Overtime paid to employees is implemented as per Financial Regulation 7.1.</p> <p><i>Comment: upon a review of the payroll files, it is noted that the authorisation of overtime to be paid to employees is now evidenced as having been signed off in accordance with Council's own Financial Regulation 7.3.</i></p> <p>PAYE taxes and employee and employer National Insurance contributions (NIC) are calculated and recorded for every employee. Deductions are paid to HM Revenue and Customs and Essex County Council on or before the dates prescribed.</p> <p><i>Comment: in accordance with Proper Practices, Council has ensured that the remuneration payable to all employees has been approved in advance by the Council. There are suitable payroll arrangements in place which ensures the accuracy and legitimacy of payments of salaries and wages, and associated liabilities and as such the Council has complied with its duties under employment legislation and has met its pension obligations.</i></p> <p>Within the annual budget set is a sum for the Mayor's Allowance which for the year 2021-2022 was set at £3,000.</p> <p><i>Comment: Council is aware that section 15(5) of the LGA 1972 provides that Parish (and Town) Councils may for its Mayor "for the purpose of enabling them to meet the expenses of their office such allowance as the council think reasonable".</i></p>
<p>9. Asset control. Examination of:</p> <ul style="list-style-type: none"> • Asset Register • Checks on existence of assets • Recording of fixed asset valuations • Cross checking on insurance cover 	<p>The Asset Register detailing assets over £500 was reviewed during the Internal Audit Visit and a spot check of a number of assets against insurance valuations was undertaken and found to be in order. The RFO has confirmed that Council has a full operational asset list of all assets within the remit of the Town Council.</p> <p>Recommendation: In line with increases in inflation, Council might want to</p>

	<p>consider setting the base register for reporting purposes at £1000. Should this prove to cause a significant variance in year on year comparison, Council will need to provide guidance notes as to the reasoning behind the move and restate the prior year's figures in Line 9 of the Annual Governance and Accountability Return.</p> <p>The Asset Register at year-end (31st March 2022) showed a balance of £4,185,568.46 which shows additions and disposals in the sums of £72,508.00 and £4,000 respectively. It is confirmed that this is the sum that has been reflected on the Draft Accounting Statements of the AGAR as signed by the RFO which are to be presented to Finance and Establishment Committee on 16th May 2022.</p> <p>A number of assets have been stated as at the Insurance Value and where assets have been gifted or where there is no known value have been given the proxy value of £1. This value has also been applied to a number of Community Assets, which, in accordance with guidance are treated in the same manner as gifted assets. The Council is mindful of the guidance within the Governance and Accountability for Smaller Authorities in England March 2021, on the valuation of its assets and has ensured that where the insurance value of the asset at the time of first recording is used, that method of valuation has been consistently applied and if/where amended, it will need to publish and provide explanations in changes in value to any previously recorded assets.</p> <p><i>Note: in order to ensure that the Council is not exposed to the risk of financial loss arising from the use of the assets under the ownership or maintenance of the Council, the RFO has undertaken a review of the management information, asset usage and maintenance thereby confirming that all information is available and up-to-date which will reduce the risk of financial loss to the Council. In the main this process relates to Community or Land assets.</i></p> <p><i>Comment: Council is aware that proper practices state that the value of a council's assets should be taken from the authority's asset register which is up to date at 31 March and should include all capital acquisition and disposal transactions recorded in the cash-book during the year. No particular method of asset valuation is specified in proper practices so authorities are able to use any reasonable approach to be applied consistently from year to year. The method of asset valuation adopted should be set out in a policy approved by the authority</i></p>
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	<p><i>and recorded in authority’s minutes and in the asset register. For most authorities the appropriate and commonly used method of fixed asset valuation for first registration on the asset register is at acquisition cost. This means that in most circumstances the recorded value of the asset will not change from year to year, unless the asset is materially enhanced. For reporting purposes therefore, the original value of fixed assets will usually stay constant throughout their life until disposal.</i></p>
<p>10. Bank reconciliation. Examination of:</p> <ul style="list-style-type: none"> • Reconciliations • Cashbook • Bank Statements • Monitoring of investments • Approval of new investments 	<p>Bank reconciliations are completed on a regular basis and reconcile with the cash sheets. Overall there is regular reporting of bank balances within the detailed financial reports submitted to the Finance and Establishment Committee and as reported in the minutes of the Committee submitted to full Council. Detailed Balances Sheets along with Detailed Profit and Loss Account Reports are also submitted in accordance with the timescales prescribed within Council’s Standing Orders and form part of the minutes that are retained in hard copy by the Council.</p> <p><i>Comment: Council is aware that, in accordance with Proper Practices, the bank reconciliation is a key tool for management as it assists with the regular monitoring of cash flows which aids decision-making, particularly when there are competing priorities. In accordance with Proper Practices, Council has implemented a system whereby the monthly reconciled bank accounts are presented to the Finance and Establishment Committee. Council has continued to follow good practice by ensuring that the reconciliation of the cash book to bank statements is reported to members, and the full reconciliation made available for scrutiny each time it is done. Approval of the bank reconciliation by the authority or the chair of the committee or another authority nominee is not only good practice, but is also a safeguard for the RFO and will fulfil one of the authority’s internal control objectives.</i></p> <p>Bank balances as at 31st March 2022 agree with the year-end bank statements: £1,104,158.23 which are broken down as follows: Current Account: £50,230.95 30 Day Deposit Account: £1,054,080.98 o/s Cheques: £486.24 unallocated Receipts: £332.54</p> <p><i>Comment: In accordance with Council’s own Investment Policy (reviewed April 2021), authorisation for investments is given by the Chair and Vice-Chair of the</i></p>

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	<p><i>Finance and Establishment Committee in conjunction with the RFO and such actions are reported at the following meeting of the Committee. Officers are aware that fund transfers within the councils banking arrangements up to the sum of £500,000, provided that a list of such payments shall be submitted to the next appropriate meeting of council or finance committee and any such payment is in accordance with the Town Council’s investment policy.</i></p>
<p>11. Internal Audit: Examination of:</p> <ul style="list-style-type: none"> • Reporting of Previous Internal Audit Reports • Review of internal audit • Appointment of internal auditor 	<p>The Internal Audit Report for period ending 31st March 2021 was considered at a meeting of the Finance and Establishment Committee of 21st June 2021 with formal adoption of the report by Full Council at its meeting of 12th July 2021. The interim Internal Audit Report for the period ending 30th September 2021 was considered at a meeting of the F&E Cttee of 17th Janaury 2022 with the minutes noting the audit report and the comment that remedies are required on the Council’s SWTC website in relation to the location of and uploading of financial papers. The draft minutes of the Finance and Establishment Committee meeting of 17th January 2022 were received by Full Council at its meeting of 14th February 2022.</p> <p>The following recommendations were considered by the Finance and Establishment Committee, all of which have been implemented:</p> <ol style="list-style-type: none"> 1. Implementation of system whereby the Clerk authorises and countersigns the amendments to the monthly payroll in accordance with FR 7.3 2. Compliance with publication requirements under the Accounts and Audit Regulations 3. Proper provision during the year 2021/22 for the exercise of public rights 4. Compliance with Transparency Code publication requirements. <p>In accordance with the Accounts and Audit Regulations 2015, the Parish Council formally reviewed the scope and effectiveness of its internal audit arrangements at its meeting of 21st June 2021 following receipt of the audit plan proposed and considered that such arrangements were appropriate for the council and that the audit plan properly took account of all of the risks facing the Council. Mrs Waples was appointed to act as the parish council’s indepdent internal auditor for the year 2021 – 2022 at the meeting of 21st June 2021.</p>
<p>12. External Audit Examination of:</p> <ul style="list-style-type: none"> • Reporting of External Audit Report • Publication of final certificate 	<p>The External Audit Report and Certificate for the year ending 31st March 2021 was received by the Council in August 2021 but was not submittted to or noted by the Finance and Establishment Committee until the meeting of 15th November 2021 with formal adoption by full Council at the meeing of 6th December 2021.</p>

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	<p><i>Council has noted the recommendation from the Interim Internal Audit Report for the period ending 30th September 2021. It is noted that the Notice of Conclusion of Audit is dated 28th October 2021 and has been published on the Council’s Website. Council should note that this date is outside of the Publication Requirements under the Accounts and Audit Regulations 2015 (30th September 2021).</i></p> <p>At the time of the internal audit review for year-end (5th May 2022), it is confirmed that the documents were available to view on the Council operated website.</p> <p>The following comment was made by the External Auditor “The smaller authority failed to approve the AGAR in time to publish it before 1 July 2021, the date required by the Accounts and Audit Regulations 2015, and did not disclose this by answering ‘No’ to Section 1, Box 1” and an explanation was provided to full Council as to the reasons behind this error.</p> <p>Other matters that were brought to the attention of the External Auditor which did not affect their opinion was the non compliance with Regulation 15 of the Accounts and Audit Regulations. The External Auditor has commented that “We note that the smaller authority did not comply with Regulation 15 of the Accounts and Audit Regulations 2015 as it failed to make proper provision during the year 2021/22 for the exercise of public rights, since the period for the exercise of public rights did not include the first 10 working days of July. As a result, the smaller authority must answer ‘No’ to Assertion 4 of the Annual Governance Statement for 2021/22 and ensure that it makes proper provision for the exercise of public rights during 2022/23”.</p>
<p>13. Year-end procedures.</p> <p>Examination of:</p> <ul style="list-style-type: none"> • Appropriate accounting procedures used • Bank Statements and Cash Book agree • Debtors and Creditors properly recorded • Has the appropriate end of year AGAR documents been completed? • Intermediate level review procedures • Where an authority certified itself exempt in 2020/21 did it meet the exemption criteria and correctly declared itself exempt? 	<p>Accounts are produced on an income and expenditure basis. Year-end documentation seen verified that all were found to be in order. There is an underlying financial trail from financial records to the accounts produced. Where appropriate, debtors and creditors have been properly recorded.</p> <p>Year-end balances agree with cash book and bank reconciliations:</p> <p>Debtors: £6,587 VAT Account: £35,778 Prepayments: 22,173 TIC Stock: £9,705 Bank Accounts: £1,105,158 less</p>

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<ul style="list-style-type: none"> • Was there the opportunity provided for the exercise of electors' rights during Summer 2021? • Have the publication requirements been met in accordance with the Audit & Accounts Regulations of 2015 for the year ending 31st March 2021. 	<p>Creditors: £13,132 Accruals: £234,997 PAYE/NI: £17,430 Represented by: Total Reserves: £912,843</p> <p>The Council on 31st March 2022, had overall reserves totalling £912,842.97 General Reserves stood at £287,814 with agreed Earmarked Reserves of £533,470 and the current Year Fund at £788,259.</p> <p>As referenced above under Section 12, Council failed to ensure the period for the exercise of elector's rights during Summer 2021 was in accordance with the period specified within the Accounts and Audit Regulations 2015. For the current year, the RFO has set the dates for the inspection of the Council's accounts and associated documents as 20th June to 29th July 2022 noting the requirement to have the common period as being the first two weeks of July.</p> <p>Recommendation: as instructed by the External Auditor in their Certificate dated 22nd September 2021, Council must answer in the negative to Assertion 4 of the Annual Governance Statement (Section 1 of the AGAR)</p> <p>Following a review of the documentation on the Council's website, the internal auditor is able to verify that the following are to be found on the Council's website, published in accordance with the requirements of the Accounts and Audit Regulations 2015 for smaller authorities with income and expenditure exceeding £25,000 but not exceeding £6.5 million for the year ending 31st March 2021:</p> <p>Section 1 – Annual Governance Statement of the AGAR Section 2 – Annual Accounting Statements of the AGAR Section 3 – External Audit Report and Certificate Notice of the period for the exercise of public rights</p> <p><i>Comment: Council should note best practice (as stated on the front page of the AGAR) which states that the Annual Internal Audit Report (page 3 of the AGAR) should also be published. This is to avoid any potential confusion by local electors and interested parties.</i></p>
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<p>14. Transparency Code. Examination of:</p> <ul style="list-style-type: none"> • Transparency code requirements 	<p>Council is continuing to ensure compliancy with the minimum datasets that should be published as per the requirements as set out in the Local Government Transparency Code (2015), with a range of documents relating to the current year being able to view on the Council’s website.</p> <p>For Saffron Walden Town Council, the transparency code requirments include the publication of quarterly reporting of spending transactions valued over £500; quarterly reporting of invitation to tender for contracts over £5,000; quarterly publication of details of every transaction on a government procurement card; the annual reporting of organisational charts; annual reporting of details of remuneration and job title of certain senior employees whose salary is at least £50,000; annual reporting of all grants made to voluntary, community and social enterprise organisations and the annual reporting of the location of public land and assets.</p>
<p>15. Publication Scheme</p>	<p>The Freedom of Information Act requires every public authority to have a publication scheme, approved by the Information Commissioner’s Office (ICO), and to publish information covered by this scheme. Council has such a scheme, which sets out the Council’s commitment to make certain classes of information routinely available, such as policies and procedures, minutes of meetings, annual reports and financial information and is annually updated.</p> <p><i>Comment: Council has also taken on board the comments raised previously by the Internal Auditor and has ensured that the information stored on its website relating to decisions and background papers to each meeting is readily available in accordance with the provisions of the Openness of Local Government Bodies Regulations 2014, Part 3 Section 8.</i></p>
<p>16. Additional comments. Examination of:</p> <ul style="list-style-type: none"> • Annual Meeting • Signing of Declaration of Acceptance of Office • Members Interests • Minutes • Openness of Local Government Bodies Regulations 2014 • Policies – annually reviewed and relevant • Compliancy with the General Data Protection 	<p>The Annual Meeting of the Parish Council was held on 4th May 2021 with the first item on the agenda being the election of the Chairman in accordance with the Local Government Act of 1972 15(1). In accordance with section 83(4) of the 1972 Act, Council has ensured that the Chair and Vice-Chair, on being elected to office, have signed their declaration of acceptance of office. At the same meeting, Council approved the election of the Leader of the Council for a two-year period. Council also reveiwed, at the meeting of 4th May 2021, its Terms of Reference for its Standing Committees: Assets and Services, Finance and Establishment, Planning and Road Trafficas well as associated appointments.</p> <p><i>Comment: In recognition of this being unprecedented times and following the Government’s guidelines for staying at home and working remotely, the</i></p>

<p>Regulation requirements</p> <ul style="list-style-type: none"> • Website Accessibility Regulations 2018 • Secure email system and gov.uk 	<p><i>Government included within s.78 in the Coronavirus Act 2020 (made 4th April 2020) the ability for the Secretary of State to have the power to make Regulations to cover the provisions for the holding of meetings. The 2020 Regulations set out those provisions. Council has followed these regulations and held its meetings via a Videoconferencing platform in accordance with the conditions laid out. Effective 7th May 2021 and following advice from the Ministry of Housing and Local Government, Council, noting that the legislation allowing local authorities to host virtual meetings has not been extended, has held its formal Committee and Council meetings on a face-to-face basis.</i></p> <p>Evidence was seen on the Town Council’s website of the Register of Interests for all current Town Councillors.</p> <p><i>Comment: Council has noted the requirement that, whilst the monitoring officer of the District Council must arrange for the parish council’s register of members’ interests to be available for inspection in the district and must be published on the district council’s website, where the parish (town) council has its own website, its register of members’ interests must also be published on that website. (Openness and transparency on personal interests - A guide for councillors – August 2012).</i></p> <p>In accordance with the Local Government Act 1972 Schedule 12 para 41 (1), Council has ensured that the looseleaf minutes and associated documents of the parish council are initialled and signed by the person chairing the meeting at the time of signature which ensures their lawful providence.</p> <p>The Openness of Local Government Bodies Regulations 2014 were enacted on 5th August and came into force on 6th August 2014. These regulations allow for the filming and recording of Council meetings (and other specified public bodies) and provide for access to records (e.g. of decisions made by officers).</p> <p><i>Comment: Council has reviewed the provisions of the 2014 Regulations to ensure that, by publishing a range of information online, it is compliant with the provisions of the 2014 Act.</i></p> <p>During the year under review, in February 2022, the Finance and Establishment Committee reviewed the Council’s Privacy Notice and agreed that an additional item should be inserted to note that the Council will disclose any information as required by law regarding any criminal activity or safeguarding issues.</p>
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	<p>Council has taken steps to ensure compliancy and has shown good practice by ensuring that an impact assessment audit will be carried out on the occasion of the adoption of a new policy and /or project which has potential GDPR implications. The Council’s Data Protection and Data Retention Policy, which was able to view on the website, details the framework that the public can expect for the handling of requests from individuals who have the right to know what data is held on them, why the data is being processed and whether it will be given to any third party and the periods for the retention of such data. Contained within this document are also procedures for data breaches and subject access requests.</p> <p><i>Comment: Council might wish to note that within its Privacy Policy Notice on the website, reference is made to the Privacy Policy last being updated in July 2012 (1.08). Council might wish to review the Notice on the website ensuring that it contains the latest provisions in accordance with the GDPR.</i></p> <p>Council has implemented a schedule to ensure that all policies are reviewed on an annual basis and brought before the relevant committee and/or full Council for recommendations and amendments in line with Terms of Reference as produced by the Council.</p> <p>The Council operated new style website, whilst very comprehensive and easy to navigate, does not appear to have an accessibility statement detailing the technical information of the website along with the methods used for testing the website; the steps being taken to improve accessibility and how the site is being improved to ensure that content meets the WCAG 2.1 Standard under Regulation 8 of the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018.</p> <p>Recommendation: as The Public Sector Bodies (Website and Mobile Applications) Accessibility Regulations 2018 are now in force, Council should ensure that at the very minimum it publishes on its website, a Website Accessibility Statement, which has identified the areas which are not accessible and shows that Council has a forward plan so that it can make changes to improve this.</p> <p>Council has a GOV.UK domain for its council website which also supports a secure and digitally managed email system.</p>
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	<p><i>Comment: Council is aware of the importance of ensuring that it uses a secure e-mail system with a gov.uk address thereby identifying that it has local government status and demonstrating authenticity when building trust and credibility with the public. Council has also adhered to the guidance contain within proper practices which recommends that a GOV.UK domain name be used to support council's official email accounts for officers and councillors.</i></p>
<p>17. Summary</p>	<p>The Internal Auditor offers her appreciation for the assistance given by the Town Clerk and Responsible Financial Officer in completing this audit.</p> <p>Council has continued to maintain effective governance arrangements and can show evidence of strong governance and good financial practice. The internal audit review, undertaken on the documentation provided during the visit to the Council's Offices as well as from that found online via the Council's website, has provided evidence of the overall adequacy of the financial arrangements in place within the council.</p> <p>The Internal Auditor has previously raised comments regarding the ease of finding information on the website and would like to commend the Council for the new style website which is much easier to traverse and contains a wealth of information.</p> <p><i>For further information on the changes to Proper Practises for the year effective 1st April 2022 please refer to Governance and Accountability for Smaller Authorities in England - A Practitioners' Guide to Proper Practices to be applied in the preparation of statutory annual accounts and governance statements - March 2022.</i></p>

Victoria S Waples

Date of Internal Audit Visit: 05.05.2022

Date of Year-end Internal Audit Report: 07.05.2022

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