

## **Report to Mildenhall High Town Council**

### **End of Year Internal Audit Report 2021/22**

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

1.1 The Internal Auditor visited the Town Council offices on 18 May 2022 to complete the End-of-Year Internal Audit, which focussed upon the adequacy of systems of internal controls operating during the period November 2021 to March 2022 and included the examination of the End of Year Accounts for 2021/22. Mr Mark Knight, the Town Manager/Responsible Financial Officer (RFO), Mrs Christina Emmerson, the Senior Administrator and Mrs Julie Hallett, Administration Assistant, were in attendance.

1.2 The-End-of-Year Review builds upon the Interim (Half-yearly) Review undertaken in November and December 2021, when the adequacy of systems of internal control operating during the period April 2021 to October 2021 were examined.

1.3 The overall Internal Audit work undertaken in 2021/22 ensured that the Town Council was supported throughout the year in terms of receiving assurance upon the adequacy and efficiency of key systems in place.

1.4 The End-of-Year Internal Audit work was carried out in accordance with the agreed Audit Plan. The overall Audit Findings can be summarised as follows:

- a) During the 2021/22 year the Council maintained effective governance arrangements including a robust framework of financial administration and internal control.
- b) Effective and efficient financial administration is in place and a wide range of formal policies, procedures and protocols have been adopted. The Council demonstrates good practice by having in place an overarching Strategic Plan which is supported by shorter term Action Plans with measurable objectives.
- c) By examination of the 2021/22 accounts and supporting documentation it was confirmed that the Town Manager, in the role of the Council's RFO, satisfactorily undertook the administration of the Council's financial affairs and produced satisfactory financial management information to enable the Council to make well-informed decisions.
- d) Councillors and Officers have continued to display commitment in supporting the local community in the recovery from the pandemic. The Loyal Free Scheme was

targeted at supporting and promoting local business; the Town Manager/RFO successfully secured a grant of £55,200 for purposes of pandemic recovery projects and the Council reduced hire charges for Council facilities to assist in the community's well-being.

e) The Accounts for the 2021/22 year confirm the following:

<i>Total Income for the year:</i>	<i>£351,025.80</i>
<i>Total Expenditure for the year:</i>	<i>£580,404.85</i>
<i>Total Reserves at the year-end:</i>	<i>£678,491.70</i>

f) 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 Town Manager/RFO for inclusion in Section 2 – The Statement of Accounts 2021/22:

<i>Balances at beginning of year (1 April 2021):</i>	<i>Box 1: £907,871</i>
<i>Annual Precept 2021/22:</i>	<i>Box 2: £231,250</i>
<i>Total Other Receipts:</i>	<i>Box 3: £119,776</i>
<i>Staff Costs:</i>	<i>Box 4: £173,658</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £406,747</i>
<i>Balances carried forward (31 March 2022):</i>	<i>Box 7: £678,492</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £689,476</i>
<i>Total fixed assets:</i>	<i>Box 9: £ 1,624,052</i>
<i>Total borrowings:</i>	<i>Box 10: £0</i>

g) 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 2021/22 within the AGAR.

h) This Internal Audit Report has been reviewed and agreed with the Town Manager/RFO and all significant matters arising from the Internal Audit work have been discussed with him. At the time of the audit visit in May 2022 an area of concern related to the presentation of the Asset Register and the data held within the Edge accounting system in this respect. This issue has since been addressed by the Town Manager/RFO.

Details of this End-of-Year Internal Audit review are recorded 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 The Council's **overall Governance arrangements**, including Standing Orders, Financial Regulations and other Regulatory matters, were examined in detail during the Interim Internal Audit Review dated 5 December 2021 and were found to be of a high standard.

2.2 The Council places emphasis upon community engagement and promoting its core messages effectively and these issues were supported between September 2021 and March 2022 through the appointment of the Projects Officer.

2.3 The Council continues to correctly apply the **General Power of Competence (GPoC)**. This was first adopted by the Council at its meeting on 25 July 2019, when the Council declared that it was eligible to use GPoC, having two-thirds elected Councillors and a suitably qualified Clerk. (Eligibility remains in place until the first annual meeting of the Council after the Ordinary Election even if the condition of the eligibility criteria has changed).

2.4 To secure an efficient development pathway. the Council has adopted and maintains a **3-Year Strategic Plan** (with an intended lifespan to 2023) which acts as an overarching document which informs the direction of an Action Plan, which sits beneath this high-level document. The **Action Plan** (also covering the years 2019 to 2023) is aimed to be a fluid, dynamic document, subject to regular review in order to facilitate the meeting of the agreed overall strategic objectives. Both the Strategic Plan and the Action Plan are formally and routinely considered at meetings of the Council in order that any alterations or updates can be made. The Council receives and reviews an '**Action Sheet**' which itemises the actions undertaken during the previous period and the actions due to be performed in the forthcoming period. This enables the Council to oversee key areas of work and performance and provides the opportunity for Councillors to monitor progress.

2.5 The 2020/3 Strategic Plan and Action Plan were reviewed by the Council on 9 December 2021 and it was agreed that the document should act as a template to build on for the next Strategic Plan to be completed by the next Administration from 2023 to 2027 and this action added to the Action Plan 2022/23.

2.6 The **Council's Minutes** continue to be well presented and provide clear evidence of the decisions taken by the Council in the year.

2.7 The Council demonstrates good governance practice through the adoption and regular review of a wide range of **Policies, Procedures and Protocols**. The Town Manager/RFO maintains a schedule for the review of existing policies and puts forward recommendations for any new policies that may be required.

2.8 The Council is **Registered with the Information Commissioner's Office (ICO)** as a Fee Payer/Data Controller for the provision of council services under current

Data Protection legislation (Registration Z9240936 refers, expiring 1 December 2022). Documentation has been adopted by the Council to assist compliance with the General Data Protection Regulations (GDPR) including a Retention of Documents Policy which was reviewed and approved on 24 February 2022.

2.9 **A General Privacy Policy/Notice** is in place and published on the website. A Publication Scheme document has also been published on the Council's website; the document displays the cost of the items available under the Scheme and confirms that the Scheme was approved by the Council at its meeting on 30 July 2020.

2.10 The Council also demonstrates good practice by periodically re-adopting the **Code of Conduct for Councillors**. The Code details the requirements and responsibilities placed upon each individual Councillor and was reviewed and re-adopted by the Council at its meeting on 27 May 2021. A copy of the Code has been published on the Council's website.

### **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 **Edge Accounting System** continues to satisfactorily maintain the Council's Income and Expenditure accounting system. The accounting information is well referenced and overall provides a good audit trail to the supporting documentation. The data recorded provides good evidence in support of the income and expenditure in the year and has acted as the basis for the completion of the End-of-Year Accounts and the 2021/22 Annual Governance and Accountability Return (AGAR).

3.2 Comprehensive financial reports are being produced from the Edge system, both for internal use by staff and for formal presentation to Councillors. Information and data captured from Edge provides the lists of Payments and the Bank Reconciliation presented to Councillors each month. However, despite Edge having the scope to provide all necessary information, Excel Spreadsheets are also being maintained to provide Quarterly Budgetary Control figures and the Asset Register. This results in duplication of data, an unnecessary call upon staff time and resources and increases the scope for error in maintaining additional financial systems alongside the Edge system.

**Recommendation 1: In order to prevent duplication of data and the call upon staff time and resources in maintaining addition Excel systems alongside that provided by the Edge accounting system, the Council should as far as possible use the information and data available from the main accounting system in order to eliminate the need to construct additional Spreadsheets to maintain the same or similar information.**

3.3 The Interim Internal Audit had focused upon the Edge accounting system data as at 31 October 2021. This End-of-Year Internal Audit necessarily focussed upon the Income and Expenditure Account, Balance Sheet and Reconciled Bank Statements

as at 31 March 2022 in order that correct and complete information and data was available to complete the 2021/22 AGAR.

3.4 The Town Manager/RFO and the Senior Administrator are the designated system administrators to the Edge system with unrestricted access to all functions and are able to access and operate the core elements of the system, make necessary updates and generate reports. The Administration Assistant has partial access to the Edge system.

3.5 The Council demonstrates good practice by maintaining a Business Continuity Plan which includes reference to the re-establishment of internal financial procedures and the action to be taken in the event of the loss of IT systems, including contact with support contractors to secure a prompt operation of systems.

3.6 VAT payments are tracked and identified within the Edge accounting system and can be used effectively for reclaims to HMRC. The Council is Registered for VAT purposes. Re-claims for VAT paid are being promptly submitted to HMRC and reimbursement has been received, as follows:

a) The 2021/22 Quarter 1 re-claim for the £4,876.65 net VAT paid from 1 April 2021 to 30 June 2021 is recorded as received at bank on 19 July 2021.

b) The 2021/22 Quarter 2 re-claim for the £3,275.92 net VAT paid from 1 July 2021 to 30 September 2021 is recorded as received at bank on 14 October 2021.

c) The 2021/22 Quarter 3 re-claim for the £21,214.81 net VAT paid from 1 October 2021 to 31 December 2021 is recorded as received at bank on 21 January 2022.

The 2021/22 Quarter 4 re-claim for the £27,808.80 net VAT paid from in the period 1 January 2022 to 31 March 2022 was correctly included as a Listed Debtor in the 2021/22 End of Year Accounts and was received at bank on 27 April 2022.

3.7 The accounting system was tested by examination of the Cashbook Payments List and the Receipts List. These are well referenced and overall provide an adequate audit trail to the Bank Statements and the accounting information provided by the Town Manager/RFO to the Council.

3.8 The accounting information provided good evidence in support of the receipts and payments. The supporting invoices and vouchers were examined on a sample basis and found to be in order.

3.9 The Senior Administrator received the support and the assistance of the Edge Support Team to close the 2021/22 Accounts and achieve a correctly balanced Bank Reconciliation as at 31 March 2022.

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

4.1 Bank Reconciliations are carried out for each account on a monthly basis. The Edge accounting system generates the accounting information to reconcile with bank statements.

4.2 The Council has a standing agenda item to receive and note Bank Reconciliations each month. A copy of the Bank Reconciliation for each of the Council's bank accounts is published on the Council's website to provide for transparency in the Council's financial affairs.

4.3 The Council's End-of-Year Accounts have been reconciled to the Council's Bank Statements. For ease of reference, the Council's Bank Reconciliation as at 31 March 2022 and entries in Box 7 and Box 8 of the AGAR can be displayed as follows:

	£
<i>Account Balance at 1 April 2021 (b/f): Box 1 2021/22 AGAR</i>	907,870.75
<i>Add Income in the year 2021/22:</i>	351,025.80
<i>Deduct Expenditure in the year 2021/22:</i>	580,404.85
	-----
<i>Account Balance at 31 March 2022 (c/f): Box 7 2021/22 AGAR</i>	678,491.70
	-----
<i>Lloyds Treasurer's A/C (Salaries &amp; Wages)</i>	3,105.98
<i>Lloyds Business Instant Access</i>	64,956.41
<i>Lloyds Current Account</i>	20,717.51
<i>95 Day Notice Investment</i>	300,356.21
<i>32 Day Notice Investment</i>	300,316.92
<i>Petty Cash A/C (cash balance at 31 March 2022)</i>	23.37
	-----
<i>Bank Balance at 31 March 2022: Box 8 2020/21 AGAR</i>	689,476.40
	-----

**Reconciliation between Box 7 and Box 8:**

	£	£
Box 7:		678,491.70
Less: VAT Recoverable:	27,808.80	
Debtors:	1,802.25	
Payments in Advance:	<u>3,385.76</u>	
		32,996.81
Add: Creditors:		43,981.51
		-----
Box 8:		689,476.40
		-----

**5. Year End procedures (Regarding accounting procedures used and can be followed through from working papers to final documents. Verifying sample payments and income. Checking creditors and debtors where appropriate).**

5.1 End-of-Year accounts are prepared on an Income and Expenditure basis and overall were in good order. Sample audit trails were undertaken and were found to be in order.

5.2 The Income and Expenditure Account and Balance Sheet were examined in detail and queries arising from the review were resolved with the Town Manager/RFO and Senior Administrator.

5.3 A **Statement of Analysis of Variances** (explaining significant differences in receipts and payments between the years 2020/21 and 2021/22) is prepared within the Edge accounting system. The Statement has to be submitted to the External Auditors and published on the Council's website.

5.4 The **Outstanding Debtors List** (totalling £1,802.25) and the **Outstanding Creditors List** (totalling £43,981.51) as at 31 March 2022 were examined and confirmed as correctly recorded in the Balance Sheet. The amount of £27,808.80 VAT due to the Council as at 31 March 2022 was found to be correctly recorded in the Balance Sheet. The Advance Payments List as at 31 March 2022 was also examined and confirmed that the amount of £3,385.76 related to spread prepayments relating to WPS Insurance and BHIB Insurance.

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

Precept 2021/22: £231,250

Precept 2022/23: £293,702

6.1 The **Draft Budget for 2021/22** was considered by the Council on 26 November 2020 and again on 10 December 2020, with the Final Budget and Precept for the year 2021/22 to be set following West Suffolk Council making available the tax base for the year. The tax base was released on 16 December 2020, and a Precept Request of £231,250 put forward to achieve a 0% increase to the taxpayer in 2021/22. The Town Manager/RFO reported to the Council on 28 January 2021 that this would lead to a shortfall of £40,775, which would be met from a £23,840 underspend from the 2019/20 year, any underspends in 2020/21 or contingency reserves. The Local Council Tax Support Grant of £5,404 was received from West Suffolk Council in April 2021 alongside the Precept.

6.2 The Budget for 2021/22 was well prepared with detailed estimates of income and expenditure and balances to ensure Councillors have sufficient information to make informed decisions.

6.3 The process for the **Budget for 2022/23** provided that the Town Manager/RFO should produce a budget based on all the issues discussed by standing Committees and that the Finance Strategy Working Group should work on the document at its meeting on 11 October 2021. The approved budget setting process continued through the standing Committees for final consideration and approval by Full Council on 9 December 2021 when a Precept of £293,702 was agreed.

6.4 The Town Manager/RFO ensures that the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves. The Council continues to receive comprehensive reports from the Town Manager/RFO and the Finance Strategy Working Group regarding the Allocation and Re-Allocation of Earmarked and General Reserves, Virements and Quarterly performance figures.

6.5 The estimates for the year 2021/22 were used effectively for financial control and budgetary control purposes. The Council received a Quarterly Report detailing all receipts and payments and spending compared to budgets. The First Quarter (1 April 2021 to 30 June 2021) performance against budget figures was considered by the Council at its meeting on 29 July 2021. The Budget Reports were examined by the Internal Auditor during the Interim Internal Audit and were found to be comprehensive, well-constructed and informative. The Second Quarter (1 July 2021 to 30 September 2021) performance against budget figures was noted and accepted by the Council at its meeting on 28 October 2021 and the Third Quarter (1 October 2021 to 31 December 2021) was received by the Council on 27 January 2022.

6.6 A **Financial Reserves Management Policy** is in place, having been considered and adopted by the Council on 27 May 2021. The Policy provides that the level of financial reserves held by the Council will be agreed by the Establishment and Policy

Committee during discussions leading to the setting of the budget for the next financial year. The Policy also states that the current level of General Reserves to be held by the Council should be no less than the monies considered to be adequate for 6 months running costs of the Council. The Policy was updated by the Council on 29 July 2021 and was reviewed and approved on 24 February 2022. A copy of the Policy has been published on the Council's website.

6.7 The Council considered and approved an **Investment Strategy** document at its meeting on 24 June 2021, following recommendations from the Establishment and Policy Committee, with the aim of rationalising unallocated monies and investing them in appropriate accounts. The Investment Policy was reviewed and approved by the Council with no changes on 24 February 2022.

6.8 At the meeting on 27 January 2022 the Council received a Reserves Report and resolved to take the £15,000 contribution to the replacement of the Mallards Bridge from the Riverbank and Jubilee Field Reserve reducing it to £132,789.68. It was further not to make any further changes to the Earmarked Reserves before the end of the current financial year.

6.9 The level of Overall Reserves as at 31 March 2022 amounted to £678,492 of which £470,134 has been recorded in the Edge system as Earmarked Reserves.

6.10 The General Reserves (Overall Reserves less Earmarked Reserves) total £208,358 and consist of the Contingency Running Costs Reserve (£173,323) and a General Fund (£35,035). This is in line with the position put forward by the Joint Panel on Accountability and Governance (JPAG) Proper Practices Guide (Item 5.32) that non-earmarked revenue reserves should usually be between three and twelve months of Net Revenue Expenditure.

6.11 As at 31 March 2022 the Council's Overall Reserves were sufficient to meet, within reason, any unforeseen items of expense that may occur.

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

7.1 The Town Manager/RFO provides comprehensive financial reports to Council meetings and ensures that Councillors are provided with adequate financial information and advice to enable them to make informed decisions.

7.2 At each meeting the Council receives and authorises a list of payments made since the last meeting and a list of any additional payments due to be made.

7.3 In order that the Internal Auditor can make the appropriate affirmations in the Annual Internal Audit Report in the AGAR 2021/22, it was confirmed that:

- (a) At each meeting the Council receives and authorises a list of payments made since the last meeting and a list of any additional payments due to be made. Monthly lists of items of Expenditure over £500 are published on the Council's website in compliance with the Transparency Code 2015.
- (b) Invoices/vouchers are signed or initialled by the nominated signatories in confirmation of the payment being correctly made. The Town Manager/RFO presents a Payments Sheet to the Full Council every month.

7.4 The Internal Auditor examined a sample of electronic payments made in the period November 2021 to March 2022 and confirmed that:

- (a) The Town Manager/RFO and Senior Administrator are the Service Administrators who initiate payments made through electronic means/internet banking, which are then authorised by two Councillors before payment is released.
- (b) The Internet Banking payment confirmation is attached to the appropriate invoice.
- (c) Nominated Councillors have been specifically authorised to approve transactions generated by the Town Manager/RFO and Senior Administrator. The approval of signatories is undertaken annually at the Annual Town Council Meeting,
- (d) The procedure for electronic payments is documented in the Council's Financial Regulations.

7.5 The Interim Internal Audit report dated 5 December 2021 was considered and approved by the Council at its meeting on 27 January 2022. The Report raised no matters of concern at that time.

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

8.1 PAYE is operated in-house through the **IRIS payroll management system** in accordance with HMRC regulations. Regular payments have been made to HMRC and detailed pay slips are produced.

8.2 The Council's Establishment was increased following the Council's approval of the new post of Project Officer. At a meeting of the Personnel Committee on 18 August 2021 the job description was approved and the salary scale set at the NJC SCP 14.

8.3 The Council demonstrates good practice by placing emphasis on succession planning. At the meeting of the Personnel Committee on 14 October 2021 the date of the retirement of the Senior Administrator in 2022 was noted and the Committee agreed that there should be a two-month overlap to enable all legal and financial training to take place.

8.4 The Internal Auditor undertook a detailed examination of salaries in December 2021 (as detailed in the Interim Internal Audit Report) and all was found to be in order, including the Council's compliance with the legislation relating to workplace pensions.

**9. Petty Cash and use of Payment Cards/Credit Cards (*Associated books and formally agreed systems in place*).**

9.1 The Internal Auditor is charged to examine the Petty Cash accounting controls as part of the Annual Governance and Accountability Return (AGAR) certification work.

9.2 A Petty Cash float is maintained and is recorded in the overall 'Cash in Hand and at Bank' in the Bank Reconciliation as at 31 March 2022. A balance of £23.37 was recorded as held as at 31 March 2022. The Accounts identify the overall Petty Cash Account of £200 and the amount awaiting reimbursement (£176.63) as at 31 March 2022. The Petty Cash Book was presented to the Internal Auditor.

9.3. The Town Manager/ RFO confirmed that he is considering closing the Petty Cash Account during 2022/23 and solely using the Payments Card for miscellaneous items of expenditure.

9.4 The Town Manager/RFO confirmed that the Council holds a Payments Card and that it is used solely by himself in accordance with Financial Regulations item 6.18. Expenditure is reported to the Council alongside all other payments. There is a limit of £1,000 which the Town Manager can spend without prior authorisation in case of an emergency or if an urgent situation needs to be addressed.

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

10.1 The **Fees and Charges for the year 2021/22** were considered by the Council at its meeting on 24 September 2020 (Allotment Rents, Cemetery Fees, room hire charge for the Jubilee Centre and hire fees for the Jubilee Field). The Council agreed that all fees for services for the 2021/22 year would be frozen other than those relating to fair hirers (increased to £250 per visit) and Lark Road Allotments (half-plots to be reduced to £20).

10.2 The Town Manager/RFO presents reports to the Council on income received. The reports are formally considered and approved by the Council. Monthly lists of items of Income are published on the Council's website.

10.3 The Council receives income from **Allotments** from two sites, at Riverside and at Lark Road. A manual **Allotments Register** is maintained for the control and administration of the allotments plots with details of financial transactions being transferred onto the Edge Accounting System from which a Transaction List is produced to support the income recorded in the year. The Internal Auditor confirmed the system in operation and the internal controls in place.

10.4 The **Register of Burials and Interments** is maintained manually and from which information is transferred onto the Edge Accounting System. The Transaction List for Burials is maintained in the Edge Accounting System to evidence and support the income received in the year. An electronic register of all the burial books up to the present day is being maintained. The Internal Auditor examined the system in place and the operation of internal controls.

10.5 The Council also operates a **Lettings Service** to a range of local organisations, groups and individuals. The Transaction List for Lettings Income evidences and supports the amounts received for the Jubilee Centre and the Jubilee Field.

10.6 Regarding **Fees and Charges for the year 2022/23**, at its meeting on 30 September 2021 the Council resolved to freeze the hire fees for 2022/23 for all Council buildings and field hire except the Breckland Room (reduced to £10 per hour) and the Fenland Room (reduced to £14 per hour, £50 for 4 hours). The Council agreed that non-commercial hire fees for buildings (excluding field hire) would be reduced in the period 1 October 2021 to 31 March 2022.

10.7 The Council also considered allotment charges at its meeting on 30 September 2021 and agreed to increase the charge for a full plot by £2 and a half plot by £1.

10.8 The Council continues to demonstrate good financial practice by periodically reviewing the sums owed to the Council. The Town Manager/RFO presents the Council with Lists of Current Debtors, which are formally noted by the Council.

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

11.1 At its meeting on 27 May 2021 the Council considered and agreed to adopt the Risk Management Strategy document with detailed changes concerning the LCRS Risk Management Software, following a recommendation from the Establishment and Policy Committee.

11.2 At the meeting held on 24 February 2022 the Council considered and adopted the amended Financial Risk Management and Internal Controls Policy (Minute 190.4 refers). The document is comprehensive and identifies the financial risks faced by the Council and the actions in place to mitigate those risks.

11.3 The Council uses the LCRS Risk Management Software system as a risk management tool. The Town Manager/RFO presents the LCRS Action Plan/Risk Assessment Report to Full Council on a quarterly basis to ensure Councillors are fully appraised of all the risks for which they are responsible. The Council formally receives and notes the document, which brings any uncontrolled risks to Councillors' attention.

11.4 The Council accordingly complied with Regulation 4 of the Accounts and Audit Regulations 2015, which requires 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.

11.5 An important area of risk management within local councils concerns the adequate maintenance of play equipment. The Amenities and Operations Committee is responsible for over-seeing the maintenance and management of the play area and receives regular reports on the condition of equipment and on the Playground Inspection Reports. Free monthly inspections are being carried out by West Suffolk Council. The Town Manager/RFO reported to the Committee on 15 February 2021 that the free inspections are due to continue until March 2022, after which they would become a paid service.

11.6 The Council's insurance requirements were considered by the Council at its meeting on 30 September 2021 when the quotation of £5,368.92 from BHIB Insurers for one year's cover for general insurance needs was accepted. The Council also agreed the renewal of the Fleet Insurance at a cost of £1,050,92 with WPS Hallam. The Interim Internal Audit confirmed that the cover for Employer's Liability stood at £10m, Public Liability at £15m. and the Employee/Councillor Dishonesty (Fidelity Guarantee) cover at £1.5m (and meets the current recommended guidelines, which provide that the Fidelity Guarantee cover should be at least the sum of the year-end balances plus 50% of the precept/grants received).

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

12.1 The Council's Asset Register was reviewed by the Council at its meeting on 31 March 2022 when it was reported that the Register would be presented in a clearer manner in the future. The Council resolved to formally clarify that the disposals dated 2018 would be formally approved and disposed of in the appropriate manner and with those changes the document was approved.

12.2 The Asset Register records a description of each asset owned by the Council, its location, purchase date/value (where known) and insurance value.

12.3 At the time of the visit by the Internal Auditor on 18 May 2022, the Asset Register and the Edge system required updating regarding the assets held by the Council. It was agreed that the Town Manager/RFO would review the Asset Register to identify and confirm the valuation of assets (at cost value) to ensure that the correct amount is displayed in Box 9 of the AGAR end-of-year return 2021/22. Similarly, the Edge accounting system was to be brought up to date as soon as practicably possible to record the valuation of the Council's assets.

12.4 On 1 June 2022 the Town Manager/RFO confirmed to the Internal Auditor that the valuation to be applied as at 31 March 2022 is to be £1,624,052. The Town Manager/RFO explained that the Asset Register underwent a significant review in

early 2022 due to some inaccuracies being identified when it was presented to the Council. Specifically, some items had apparently been added twice and some not added at all by successive Clerks over the years. It had been felt that historical figures could not be relied upon.

12.5 The Town Manager/RFO confirmed that the figures which identify the new purchases and disposals in the year were correct and were being used to inform the total end of year figures as at 31 March 2022. There was some question about the accuracy of historical data as adequate records had not been kept in the past. As there is limited access to cost values for some assets, estimates have had to be used.

12.6 The data held on Edge has now been updated by the Senior Administrator. The Town Manager/RFO confirmed to the Internal Auditor that the Edge data regarding Assets is now accurate and the Council wishes to draw a line under these figures and use them as a basis to move forward into the 2022/23 year of account.

12.7 The Town Manager/RFO will be providing details of the variance between the two years in the Analysis of Variances document (which compares values as at 31 March 2021 with those at 31 March 2022) to be submitted to the External Auditors and to be published on the Council's website. In this respect, it is important that the values in both years are recorded on a consistent basis, year-on-year, in accordance with current requirements.

12.8 An Asset Management Action Plan is in place and a Building Management Scheme is being used with full functionality with three members of staff fully trained on the system.

**13. Sole Trustee (To confirm that the Town Council has met its responsibilities as a trustee).**

13.1 The 2021/22 End of Year Internal Audit confirmed that the Council continues to have **Sole Trustee responsibilities for the area of land called the Recreation Way Play Area** and discharges these responsibilities as part of normal council duties. The Town Manager/RFO has confirmed that the Council takes full responsibility for the play area and any issues arising are reported to the Amenities and Operations Committee or Full Council.

13.2 The Charity's Commission's website refers to the 'Mildenhall Recreation Ground' as an area of land registered in March 1965 as a Public Playing Field for the benefit of the parish of Mildenhall and its immediate vicinity for the provision of play equipment and maintenance of playground for children (Registration 304920). The Charity Commission records the Annual Update for the year ending 31 March 2021 as being received on 17 November 2021, within the required time. The 'Mildenhall Recreation Ground' referred to by the Commission must not be confused with the Jubilee Field, which is under the ownership of the Council and for which Sole Trustee status does not apply.

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

14.1 The Certificate and Report from the External Auditors PKF Littlejohn LLP for the previous year (2020/21) was dated 18 September 2021. The Auditors confirmed that no matters had arisen that gave any cause for concern.

14.2 The Report and Certificate were reported to the Council at its meeting on 30 September 2021. The External Audit Certificate (Part 3 of the Annual Governance and Accountability Return) has been published on the Council's website.

**15. Publication Requirements.**

15.1 Under the Accounts and Audit Regulations 2015 authorities must publish each year the following information on a publicly accessible website:

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

15.2 The period of 28 June 2021 to 6 August 2021 was set by the Council for the Exercise of Public Rights.

15.3 Following the completion of the External Audit:

Notice of Conclusion of Audit  
AGAR - Section 3  
AGAR - Sections 1 and 2 (including any amendments as a result of the Limited Assurance Review).

15.4 The Internal Auditor was able to confirm that the documents relating to the year 2020/21 were readily accessible on the Council's website:  
<https://www.mildenhall-tc.gov.uk/>

15.5 The Council is meeting the publication requirements of the Local Government Transparency Code 2015, which provides that larger parish/town councils which have gross annual income or expenditure (whichever is the higher) exceeding £200,000 must publish details of each individual item of expenditure that exceeds £500.

**16. Additional Comments.**

16.1 I would like to record my appreciation to the Town Manager/RFO, the Senior Administrator and the Administration Assistant for their assistance during the course of the audit work.

*Trevor Brown*

**Trevor Brown, CPFA**

**Internal Auditor**

**9 June 2022**