

Internal Audit Action Plan Financial Year 2020-2021: Updated November 2022

Item	Completed
1	RBS system used as prime record of accounts – up to date
2	Financial Regulations approved
3	VAT errors reported and VAT repaid
4	Monthly payment schedules – see financial regulations
5	VAT errors corrected in RBS accounts
6	Making tax digital will ensure correct and timely reporting
7	No further progress on identification of fraud. Internal audit plan to address weaknesses
8	Internal controls – two cllrs to authorise in place from 1.10.21
11	Additional card for office manager ordered
12	Direct debits for annual approval – include in internal audit plan
13	Organisational and Financial Risk Assessments approved March 2022
15	Risk assessment to include supplier fraud
16	Budget information available to Council 2.11.21
17	Review levels of earmarked and general reserve as part of budget process
18	Budget timetable to be agreed. Councillors have undertaken training
20	Review of income completed as part of review of fees
21/22	Review of petty cash
23	Wages advance / appropriate use of petty cash
24	Pension contribution errors now corrected – add to internal audit plan
25	Authorisation of new grounds staff – ensure correct process is followed
26	Contract in place for locum clerk
27	Pre-authorisation payroll checks undertaken
28	Expenses policy in place
29	Review of capital expenditure and update of asset register May 2022
30	Review of asset register May 2022
31	Bank reconciliations complete and up to date
32	Updates required to bank mandates with all institutions
33	Imbalance corrected (incorrect journals for EMR)
34	Management reporting will be undertaken quarterly
35	Notice of public rights. Delay in end of public rights as completion of AGAR delayed
36	Notice of conclusion of audit – interim notice published
37	Council as a sole trustee. Accounts up to date and submitted
	In Progress / Partial
14	GDPR – data protection audit and procedures approved work on recommendations
19	Review of fees and charges - resolution made for cemeteries and allotments. Markets, Russells Meadow, grazing and SHI outstanding
9	Identification and review of all supplier contracts (work has begun with utilities contracts)
	Outstanding
10	Creation of contracts register

AGAR internal control objective A – Appropriate Accounting Records kept throughout financial year

	ISSUE	RECOMMENDATION	FOLLOW UP
1	<p>The prime book of record for the council accounts, the RBS ledger, was not maintained during the financial year. Therefore, there was no complete and accurate record of the council transactions available for council at any point during the financial year. This is a breach of the requirements of Regulation 4 of the Accounts and Audit Regulations 2015.</p>	<p><i>The council must comply with Regulation 4 of the Accounts and Audit Regulations 2015 and implement effective procedures to completely, accurately and promptly record all financial transactions, and maintain up to date accounting records throughout the financial year, together with all necessary supporting information.</i></p>	<p>A new chart of accounts has been created for Financial Year 2021/22. The accounting system is up to date as of September 2021. Council has been provided with bank reconciliations and cashbooks for months 1-6 (November 2021). Council / Finance Committee will receive these reports monthly The Council has been provided with information on income and expenditure against budget (November 2021) with comparison to FY 2020-21</p>

AGAR internal control objective B – Compliance with Financial Regulations, payments supported by invoices, all expenditure approved and VAT appropriately accounted for

	ISSUE	RECOMMENDATION	FOLLOW UP
2	<p>RECURRING ISSUE</p> <p>We reported in 2019/20 that the Financial Regulations had not recently been updated to reflect the current scope and activity of the council, and that the Standing Orders had not been updated since 2011.</p>	<p><i>The council should review and approve the Financial Regulations and Standing Orders annually, and where updated model versions are available, adopt these after they have been aligned to the council scope and activity.</i></p>	<p>Financial Regulations approved November 2021. These will be reviewed annually or in the case of any significant changes in legislation or the activity of the Council.</p>
3	<p>In 2019/20 we highlighted multiple issues with regard to VAT at the council and sole trustee charities. In response, a detailed report has been compiled by the VAT consultant, and a liability is recorded in the Balance Sheet of £12000. We were informed that another £32000 is to held in reserves to meet potential further liabilities in respect of previous years.</p> <p>However, no VAT that has been calculated as due by the VAT consultant in respect of previous years has actually been remitted to HMRC as yet, even though the consultant report was accepted by council in February 2021.</p>	<p><i>The council should urgently progress the results of the VAT consultant review and remit any monies due to HMRC for VAT in respect of previous years.</i></p>	<p>All actions have been completed.</p> <p>Following advice from the VAT consultant VAT reclaimed in error has been calculated and (as it is under £10,000) an adjustment has been made to the financial year 2021/22 Q2 VAT records for submission to HMRC.</p> <p>CSTC has written to HMRC to disclose the incorrect charging of VAT in prior years.</p>
	ISSUE	RECOMMENDATION	FOLLOW UP

4	<p>There is no evidence that any monthly payment schedules were presented to, and approved by, council during the financial year. Review of the minutes identified that monthly payments schedules were not provided to members.</p>	<p><i>Expenditure should be reported monthly to each council meeting for approval. The minutes should record the total of the payments that were approved to ensure there is an adequate audit trail to the schedule of payments. The Chair should initial the schedule of monthly payments to evidence that this was the list approved by council which should be retained on file as evidence.</i></p>	<p>A number of creditors have 7 day terms it is not practical to undertake payments once a month due to the quantity of payments made. Members will receive copies of cashbook records monthly showing payments made. Financial regulations have been updated to reflect this practice.</p>
5	<p>Due the absence of a prime book of record for the entire financial year, all four quarterly VAT returns submitted to HMRC for the financial year were estimates of both VAT inputs and outputs. VAT notice 700/21 requires organisations to maintain records that are complete and up to date, such that the correct amount of VAT can be calculated quarterly.</p> <p>The cumulative difference between VAT quarterly estimates submitted to HMRC during the financial year, and the actual amount due, is disclosed as £1,448 in a VAT suspense account in the Balance Sheet. However, this does not balance with the actual difference between each quarters estimated VAT and each quarters claim per the updated ledger, which totals £1307.33, so there is an unreconciled difference of £141.01</p>	<p><i>The authority must have robust arrangements in place for delivering its responsibilities with regard to VAT.</i></p> <p><i>The ledger must be maintained on an ongoing basis with a complete and accurate record of transactions to enable accurate VAT reclaims to be submitted to HMRC every quarter.</i></p> <p><i>The council needs to identify the unreconciled VAT difference of £141.01 and ensure any required corrections are made.</i></p>	<p>RBS accounting package is the prime record of accounts and is up to date.</p> <p>Making tax digital has been enabled to allow timely and accurate submissions to be made directly to HMRC.</p> <p>Differences in the VAT records have been reconciled and corrected by RBS.</p>

6	<p>The copies of the VAT returns provided for internal audit indicate that three of the four quarters VAT returns (which were estimates) were remitted after the final deadline to HMRC.</p>	<p><i>Quarterly VAT returns must be submitted to HMRC within the applicable deadlines.</i></p>	<p>Making tax digital software enabled to assist with this. VAT returns for FY 2021/22 have been made on time.</p>
7	<p>A fraud was perpetrated during the year through the NatWest bank account via an Amazon Prime account using the council debit card details. As this account is not used for payments it should have been identified immediately, however, the fraud was not identified until the year end. We understand staff were not initially aware that a debit card was linked to this bank account. questioning why it had arrived. A debit card has been received that is valid from March 2021 to March 2025 and is currently locked in the council safe. The Amazon accounts used by staff have been viewed by the RFO and no orders matched the payments from the NatWest bank account.</p> <p>We understand that investigation of the fraud by the RFO identified that Amazon had already frozen the account due to fraudulent activity and NatWest have confirmed they will refund the amount and re-charge Amazon.</p> <p>There is still the issue as to the location of the debit card that had been used to perpetrate the fraud (dated March 2017 to March 2021).</p>	<p><i>The council should further investigate this fraud and ensure procedures and internal controls to prevent and detect fraud are substantially improved. This must include far more regular review of bank statements, and identifying exactly which accounts have debit and credit cards associated with them, and enhancing regulations covering debit and credit cards in the Financial Regulations.</i></p> <p><i>The debit card dated March 2017 to March 2021 must be cancelled.</i></p>	<p>All bank statements received are reconciled monthly Some accounts will only generate a bank statement when a transaction has been made.</p> <p>Debit card has been destroyed.</p>

	ISSUE	RECOMMENDATION	PROGRESS
8	<p>RECURRING ISSUE</p> <p>Financial Regulations require authorised signatories of two members for each payment whether paid online or by cheque. However, there is no system in place whereby two members authorised online payments in advance. Therefore, the council is not complying with the authorisation requirements of the FRs.</p>	<p><i>All payments must be authorised in advance by two councillor signatories as required by the Financial Regulations. The most effective authorisation control over online banking is for two councillors to directly log in to the council bank account to authorise payments, however, where the bank online system does not provide this functionality, compensating internal controls should be implemented such as emailed authorisations.</i></p>	<p>Internal controls in place from 1.10.21</p> <p>Payments are prepared and authorised by the Clerk/RFO, and signed by two councillors prior to payment.</p> <p>Further work being undertaken to embed into a programme of internal audit.</p>
9	<p>As reported in 2019/20, the contract for street lighting maintenance is in excess of the quotations threshold in the Financial Regulations. We requested the contract but were informed that neither the council, nor the contractor, has a copy of the contract in order to establish the end date of the contract which has been running for a significant number of years.</p>	<p><i>Signed contracts should be established for all significant contracts. The contract duration should be recorded in each contract.</i></p> <p><i>All contracts should be subject to the procurement requirements of the council Financial Regulations.</i></p>	<p>Work has started on reviewing contracts (Amenities Officer)</p> <p>Aim for completion by end of financial year.</p> <p>The amenities officer has since left the Council – the council is significantly under staffed.</p>
10	<p>The council is party to a number of contracts with varying lengths and conditions.</p>	<p><i>The council should establish a contracts register which should be regularly reviewed to identify those contracts where the upcoming end date signifies that a tender or quotation process is required, or whether a decision is needed regarding an extension which is provided for in the contract terms.</i></p>	<p>Work has started on reviewing contracts (Amenities Officer)</p> <p>Aim for completion by end of financial year.</p> <p>The amenities officer has since left the Council – the council is significantly under staffed.</p>

11	The Financial Regulations stipulate that only the clerk and RFO can use the Debit card, however, the debit card is also used by another officer.	<i>The council should comply with the Financial Regulations governing the use of the debit card.</i>	Additional card ordered for office manager
12	RECURRING ISSUE - A duplicate payment to Shropshire County Council occurred because a Direct Debit was already in place to pay for the supply. The payment has been set off against further supplies from the same provider and the balance due is included in the balance sheet at the year end.	<i>This is the second year in succession a significant duplicate payment has been made to Shropshire Council. The council must improve internal controls to prevent duplicate payments.</i>	A complete list of direct debits has been compiled for authorization and for reference to avoid duplicate payments. More care and attention to be taken when processing payments. Shropshire Council have been instructed to not take payments by DD. The balance of £1,500 to be used for the same purpose 2022/23

AGAR internal control objective C – Adequate Risk Assessment

	ISSUE	RECOMMENDATION	FOLLOW UP
13	RECURRING ISSUE The council did not review, update and approve a risk assessment during the financial year. Key risks such as compliance with the Data Protection Act 2018 are still not being identified and addressed (see below).	<i>A risk assessment should be established covering the scope of the council operations, governance and finances. The risk assessment should be reviewed, updated and approved by council each financial year.</i>	Work on first draft begun aiming for completion prior to year end Completed approved by FC March 2022

14	<p>RECURRING ISSUE</p> <p>There is no evidence that action has been taken to ensure compliance with the Data Protection Act 2018, for instance:</p> <p>There is no evidence any form of detailed personal data audit and security review has been carried out for the council and sole trustee charities</p> <p>we could not identify an adopted external and internal privacy notice</p> <p>the data protection policy published on the council website relates to the DPA 1998 and has not been updated to reflect the DPA 2018</p> <p>there is no evidence that Subject Access Request and Data Breach procedures compliant with the DPA 2018 had been adopted</p> <p>there is no evidence signed data processing/sharing agreements have been established with relevant third parties</p> <p>there is no evidence Privacy Impact Assessments have been applied or even understood.</p>	<p><i>The council should urgently carry out a personal data audit and establish the required policies and procedures to help ensure compliance with the DPA 2018</i></p>	<p>Outstanding – resource required</p> <p>Data audit complete and policies adopted April 2022</p> <p>Some work required to action recommendations</p>
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15	<p>The absence of a risk assessment means there are no risk mitigation measures in place to address the risks of supplier fraud. Most standard local council policies do not cover supplier fraud. The supplier fraud risks can be managed via appropriately robust policies and procedures. Examples of prevention actions include:</p> <p>training for staff to alert them to the potential risks of providing sensitive company information, by phone or other means, especially contract and account information.</p> <p>establish a rigorous change of supplier details procedure - where a supplier has purported to have changed their bank details always call the supplier to check the veracity of a request, using details in your system, rather than those on any associated letter or email. A person should be authorised to approve a supplier bank account change after having reviewed the process undertaken to verify the supplier details change</p> <p>periodic review of supplier accounts should also be undertaken to remove any dormant accounts. This reduces the likelihood of any old supplier information being used to secure fraudulent payments.</p> <p>checking address and financial health details with Companies House</p> <p>checking samples of online payments to supplier invoices to ensure the payment has been made to the supplier bank account</p>	<p><i>Risk assessment should include an assessment of supplier fraud including the adequacy of supplier onboarding control, and the implementation of appropriate risk mitigation measures</i></p>	<p>First draft in progress, aim to complete by year end</p> <p>Completed risk assessments approved March 2022 Minutes reference 21.166</p> <p>Supplier set up form in place</p> <p>Undertaken by RFO when payments made</p>
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AGAR internal control objective D – Precept request resulted from adequate budgetary process, regular budgetary control and appropriate levels of reserves held			
	ISSUE	RECOMMENDATION	FOLLOW UP

16	<p>No budgetary control information from the RBS ledger were presented to council during the financial year, as the RBS ledger had not been populated with any transactions. This is in breach of the Financial Regulations which require that:</p> <p>‘The RFO shall regularly provide the Council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter.’</p>	<p><i>Regular budgetary control information from the financial ledger must be provided to the council.</i></p>	<p>Half year figures provided to Council November 2021</p> <p>Comprehensive budget process undertaken</p>
17	<p>Year end general reserves are disclosed as £115849 which is 28% of the precept level of £408202. This level of general reserves is close to the minimum level recommended by sector guidance that general reserves should be between 25% and 100% of net operating expenditure (ie the precept).</p>	<p><i>The council should ensure sufficient general reserves are maintained from year to year, with reference to sector guidance,</i></p>	<p>Recommendation made to Council (Nov 21) that reserves be reviewed as part of budget process to ensure recommended NRE.</p> <p>Reserves policy adopted by Council expected NRE at year end to be 5 months</p>

18	<p>We have not been provided with evidence that a detailed budget for 2021/22 was provided to council in the agenda pack for the relevant meetings before the precept was set. We have been provided with an excel spreadsheet containing the 2021/22 budget developed by the RFO.</p> <p>Financial Regulations, section 3.2 require that <i>‘the RFO must each year, by no later than October prepare the “first look” at detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the Finance committee.’</i> The first mention of the potential budget and precept for 2021/22 was in the November 2020 AFGP meeting.</p> <p>The December 2020 minutes state that ‘Councillors agreed that addressing the staffing and administration costs was high on the agenda for the Council. Councillors noted that further work was required to determine the full costs and to address Councillor concerns that adequacy of funding issues had been addressed. These, together with the other financial items, need to be finalised for agreement at the next meeting.’</p> <p>There is no evidence in the minutes of the next council meeting in January 2021 that any detailed costing and budgeting exercise was undertaken and discussed by councillors relating to the issues referred to in the December 2020 minutes, prior to the final agreement of the precept for 2021/22 in that meeting.</p>	<p><i>The council must comply with the requirements of the Financial Regulations with regard to the timetable for determining the annual precept. Comprehensive budgetary management information must be provided to councillors during the budget setting process to ensure they are fully informed when making the decision as to the level of precept that should be set.</i></p>	<p>Budget planning to be included in information to Council November 2021</p> <p>Councillors have undertaken training to ensure they are fully aware of their responsibilities and the process for budget setting.</p> <p>Detailed budget process undertaken by council</p>
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AGAR internal control objective E – Expected income fully received, correctly priced, recorded and promptly banked and VAT accounted for

	ISSUE	RECOMMENDATION	FOLLOW UP
19	<p>RECURRING ISSUE</p> <p>The fees and charges levied by the council are not agreed by the council annually, as required by the Financial Regulations, section 5.1, <i>‘The council will review all fees and charges at least annually, following a joint report of the Clerk and RFO’</i>.</p> <p>A review of fees and charges was undertaken at a meeting of the AF&GP Committee on 2nd March 2021, however, these minutes are still draft and have not been approved by council. We have not been provided with evidence that the AF&GP committee has the delegated authority via its Terms of Reference to approve the annual fees and charges.</p>	<p><i>The council should formally agree all fees and charges in advance of the next financial year and each year thereafter.</i></p>	<p>Still outstanding due to staffing issues</p> <p>ToR for Public Realm include review of fees and charges</p> <p>Planned activity for August / September</p> <p>See FC minutes November – outstanding items: markets, Russells meadow, grazing and SHI</p>

20	The council has no central record of sources of income charges. For instance, the previous clerk maintained a file called Annual Tasks which has only recently been discovered which contains fees for items such as Long Mynd Adventure Camp grounds maintenance, the Allotments Association and Good Neighbours' works.	<i>The council need to carry out a review to identify all sources of council income, as some fees are levied as one-offs or annually, to ensure all income is invoiced and included in the schedule of fees and charges.</i>	Completed as part of review of fees Systems in place
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AGAR internal control objective F - Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.

	ISSUE	RECOMMENDATION	PROGRESS
21	Petty cash does not agree to the ledger. The petty cash book year-end total of £149.96 does not agree to the RBS ledger petty cash of £148.18.	<i>Internal controls must include a reconciliation of the petty cash book to the ledger.</i>	RFO balanced to petty cash book and recorded 2 x year Chair at year end undertaken 19.5.22
22	Petty cash expenditure was not reported to council during the financial year. The petty cash book has not been reviewed by the Chair and signed at the year end	<i>All petty expenditure should be reported to council. The Chair should review the petty cash book and evidence the review with a signature at the year end.</i>	

23	<p>A wages advance of £250 was paid from petty cash in the year. Financial Regulations require petty cash to be used for the purpose of defraying operational and other expenses only.</p>	<p><i>The petty cash float should not be used for the payment of wages.</i></p>	<p>This should not have occurred – all staff are now aware that petty cash should only be used to pay for / reimburse minor expenditure.</p>
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AGAR internal control objective G – Wages and salaries and members allowances paid in accordance with council approvals, and PAYE and NIC requirements properly applied

24	<p>Pension contributions rates:</p> <ul style="list-style-type: none"> - Shropshire County Council notified the council that employer pension payments should have increased from 21.4% to 21.5% in 2020/21, but this change was not processed correctly - Historical employee pension contributions for one employee were incorrect, the officer had been paying 6.5% (the full time employee rate) but the rate applicable due to part time working should have been 5.8%. we understand this error relates to the period from 2016 onwards. 	<p><i>We are informed the errors in processing pension contributions have now been corrected but the council should carry out a review for employee and employer pension contributions to ensure this is the case.</i></p> <p><i>Internal controls need to be introduced to ensure there is a internal check by an officer other than the individual processing pension contribution rates that the rates applied are correct.</i></p>	<p>Extensive work has been carried out to ensure that the Pensions records held by Shropshire Pension Fund for each staff member are correct. Adjustments have been made as required.</p> <p>Pension rates will be checked annually by the Personnel Committee as required by SPF.</p>
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25	We could identify no evidence that council authorised the recruitment of a new grounds staff employee in 2020/21.	<i>No changes should be made to the number of officers employed without the prior consent of the council.</i>	Staffing structure proposal developed by Personnel Committee
26	<p>RECURRING ISSUE</p> <p>We reported in 2019/20 that the locum clerk does not have a contract of employment. This has now been addressed. However, we identified that a new grounds staff employee recruited from an agency in 2020/21 does not have a contract of employment.</p>	<i>A contract for the new council employee in 2020/21 should be established as soon as possible.</i>	<p>One contract remains to be signed awaiting completion of CiLCA</p> <p>All contracts signed</p>
27	<p>RECURRING ISSUE</p> <p>In 2019/20 we reported that there are no detailed pre-authorisation payroll checks carried out by councillors. There is no periodic system of checking the accuracy of payroll to source documentation. This issue has not been addressed. In addition, payroll payments to staff are made without the authorisation of two councillor signatories, which is a requirement of the Financial Regulations.</p>	<p><i>As part of the in-year checks of finance, members should:</i></p> <ul style="list-style-type: none"> - <i>Review payroll totals and individual payments before authorisation</i> - <i>Periodically check the monthly payroll analysis to source documents including timesheets and contracts of employment</i> <p><i>All payroll payments must be authorised in advance by two councillor signatories as required by the Financial Regulations.</i></p>	<p>Review of payroll against contracts undertaken 19.5.22</p> <p>Payroll payments are included in weekly payment schedule</p>

28	No expenses policy or register of expense allowances existed during 2020/21 financial year. Therefore, there was no definition of the types of expenses that could be claimed, the rates that could be claimed for different categories of expense such as mileage, a standardised expenses claim form, requirements for receipts including VAT invoices, or an approval process.	<i>An expenses policy should be adopted by council.</i>	Outstanding Expenses policy approved February 2022
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AGAR internal control objective H – Asset and investment registers complete and accurate and properly maintained

	ISSUE	RECOMMENDATION	FOLLOW UP
29	There has been no review of capital expenditure in the 2020/21 ledger to populate any additions into the register. Section 14.6 of the Financial Regulations requires that an appropriate and accurate Register of Assets and Investments is kept up to date, and that the continued existence of tangible assets shown in the Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets.	<i>The council must comply with the Financial Regulations governing the management of fixed assets</i>	Review of fixed asset register completed for approval May 2022

30	<p>The fixed asset listing remains unchanged from the 2019/20 version and there is no evidence the fixed asset register has been reviewed to identify whether:</p> <ul style="list-style-type: none"> - all assets physically exist - write offs are needed for obsolescence, - assets have been matched with the insurance schedule to ensure all assets are appropriately insured <p>We reported in 2019/20 that the Fixed Asset Register is incomplete as the allotments are not recorded. The Russells meadow is recorded at £3.5m in the asset register but the adjoining land which belong to a sole trustee charity of the council is valued at £1.</p>	<p><i>The management of the fixed asset register should be improved and clear identification information must be recorded for all fixed assets. A comprehensive exercise is needed to validate the completeness and accuracy of the register, including verifying the following:</i></p> <ul style="list-style-type: none"> - <i>all recorded assets physically exist</i> - <i>whether write offs are needed for obsolescence</i> - <i>assets have been matched with the insurance schedule to ensure all assets are appropriately insured</i> 	<p>Fixed asset register reviewed and report to Council May 2022 including insurance values and check against schedule</p>
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AGAR internal control objective I – Periodic and year end bank reconciliations were properly carried out

	ISSUE	RECOMMENDATION	PROGRESS
31	<p>No bank reconciliations for any bank accounts were completed and reported to councillors during the financial year as no prime book of record had been maintained.</p> <p>Section 2.2. for the Financial Regulations require that <i>‘at the end of each quarter, and at each financial year end, a member other than the Chairman of the Council or Chairman of the Finance Committee shall be called upon by the RFO to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council or Finance Committee.’</i></p> <p>Therefore, none of the internal controls required by the Financial Regulations for bank reconciliations were in place during the financial year.</p>	<p><i>The council must ensure that bank reconciliations for all bank accounts are carried out monthly and reported to council. The Financial Regulations relating to member review of reconciliations must be complied with.</i></p>	<p>Bank reconciliations are prepared monthly and are presented to council / finance committee.</p> <p>Regular checks against bank statements to be undertaken as part of internal audit plan.</p>

32	Section 1.14 of the Financial Regulations require the council to determine and keep under annual review the bank mandate for all council bank accounts. However, we noted during the review of bank statements that the NatWest account is still in the name of the previous clerk.	<i>The council should ensure previous employees and councillors are removed from the administration of all bank accounts.</i>	<p>In progress– to be undertaken by end of 2021</p> <p>All Town Council accounts have been updated and banking arrangements reviewed regularly by Finance Committee</p>
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AGAR internal control objective J – Accounting statements were prepared on correct accounting basis, agreed to cash book, and were supported by an adequate audit trail

	ISSUE	RECOMMENDATION	PROGRESS
33	Review of the year end accounts submitted for internal audit identified that there was an imbalance in the RBS ledger of £19,724 as £402,971 is disclosed in the RBS Annual Return output as closing balances but £422,695 is disclosed in the ledger Balance Sheet as closing balances.	<p><i>The council must ensure that urgent work is carried out to balance the 2020/21 accounts within the RBS ledger and to ensure the £19,724 imbalance is resolved. Year end procedures must include a ‘sense check’ of all the year-end output from the RBS ledger to ensure the accounts balance and there are no anomalies.</i></p> <p><i>(NB We were informed on July 27th 2021 that the imbalance in the accounts noted above have now been resolved with support from the RBS accounting software provider.)</i></p>	<p>Imbalance has been corrected.</p> <p>Recommendation made to Council to engage RBS to undertake year end closedown.</p> <p>Month end closedown include trial balance and nominal ledger checks.</p>

34	<p>As the RBS ledger was not populated with income and expenditure transactions during the financial year, no periodic management accounts were provided to council.</p> <p>The year end draft accounts provided for internal audit contained the incorrect opening balances. The opening balances per the RBS ledger were stated as £443650, however, the closing balances that were certified in 2019/20 were £443350, a difference of £300, This was reported to the RFO and the difference, which related to an un-presented cheque for the NatWest bank account, has now been corrected in the RBS ledger.</p> <p>We note that the 2019/20 final AGAR was completed incorrectly from the RBS ledger as highlighted by external audit.</p>	<p><i>Management reports must be provided to council regularly during the financial year demonstrating the financial position of the council including the levels of general and earmarked reserves.</i></p> <p><i>Yearend procedures must include a check to ensure that opening balances have been brought forward correctly and agree to the prior year certificated closing balances.</i></p> <p><i>Year end procedures should include a check by a person other than the RFO that the final annual return accounts from RBS have been populated into the AGAR accounts correctly.</i></p>	<p>Management reporting will be a regular item on council agendas.</p> <p>Checked by Chair of Finance Committee</p>
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AGAR internal control objectives K and L

Not applicable as gross income/expenditure exceeded £25000.

AGAR internal control objective M - The authority, during the previous year (2019-20) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations

	ISSUE	RECOMMENDATION	FOLLOW UP
35	<p>Internal control objective (Objective M) in the AGAR internal audit certificate requires internal audit to conclude whether the Public Rights Notice during the previous Summer (2019/20 financial year) was compliant with the Regulations.</p> <p>The period for the exercise of public rights had to commence on or before 1 September 2020. However, the actual period for the exercise of public rights commenced on October 5th.</p> <p>Therefore, we have concluded the council did not comply with the requirements for the Public Rights Notice for 2019/20.</p>	<p><i>The council should ensure compliance with the legal requirements for the Annual Notice of Public Rights.</i></p>	<p>Notice of public rights and publication of unaudited AGAR was published on 18th August. Due to the delay in completing the AGAR (work did not commence until the employment of the locum RFO on 6th July). The end date of the inspection being 4th October missed the 30th September deadline. The Council is aware that they have not been able to comply with this requirement in 2021/22 Staffing structures have been updated to include the recruitment of a CiLCA qualified RFO</p>

AGAR internal control objective N - The authority has complied with the publication requirements for 2019/20 AGAR

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Publication Requirements

The Notice of Conclusion of Audit and Audit Certificate were not published by the deadline of November 30th 2020 as the external audit was not completed by that date.

We have concluded in the AGAR internal audit certificate that the council did not comply with the publication requirements for the 2019/20 AGAR audit as required by the Accounts and Audit Regulations 2015 as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020. However, there is no recommendation as the delay was due to the fact the external auditor had not actually completed their audit by November 30th 2020.

An interim notice of the conclusion of the audit and right to inspect the annual return was published on 29th September 2021.

Final sign off achieved – reported to Council 23.11.21 and published

AGAR internal control objective O – The council met its responsibilities as sole trustee

	ISSUE	RECOMMENDATION	FOLLOW UP
37	<p>The council is sole trustee to three charities. No accounts for the charities have been provided for independent examination for 2019/20 and extension to the filing deadline has been secured due to the impact of the pandemic.</p> <p>The 2020/21 accounts were not maintained on the RBS ledger, the prime book of record for the charities, during the 2020/21 financial year. Therefore, no accurate management accounts reports, bank reconciliations, and budgetary controls information based on the RBS ledger were provided to council during 2020/21 for the charities.</p>	<p><i>The council must comply with its responsibilities as sole trustee to the three charities for which it is sole trustee.</i></p>	<p>Accounts for the charities for financial year 2019/2020 are complete.</p> <p>Accounts for the charities for financial year 2020/21 are complete</p>

	<p>There is no evidence in the 2020 and 2021 minutes provided for internal audit that separate meetings of the council as sole trustee for the three charities has occurred.</p> <p>Therefore, we have concluded the council has not met its responsibilities as sole trustee for 2020/21.</p>		<p>Two meetings have been held to approve the annual accounts for 2019/20 and 2020/21</p>
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IMPORTANT GUIDANCE NOTE

INTERNAL AUDIT CERTIFICATE in the AGAR

There is a new internal control objective (Objective L) in the 2018/19 internal audit certificate that requires internal audit to conclude on whether the Public Rights Notice during the **previous Summer** was compliant with the Regulations. This is pre-filled for 2018/19 but in order to test this and conclude YES or NO for the 2019/20 internal audit we would need to receive with the 2019/20 books and records:

- A copy of the completed 2018/19 Notice of Public Rights and Publication of the Unaudited Annual Governance and Accountability Review A dated photograph showing the first day of the Notice of Public Rights on the noticeboard and/or a dated computer screenshot showing the first date of the Notice of Public Rights on the website for 2018/19

Our approach to this new requirement will be to conclude NO if we have not received the above evidence and explain on the AGAR that we received insufficient evidence to be able to conclude YES; we would also conclude NO if the dates advertised were not compliant with the Regulations.